BOOKKEEPING

INTRODUCTORY AND INTERMEDIATE COURSES

GEORGE W. MINER

GINN AND COMPANY

MOORE AND MINER SERIES

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BY

GEORGE W. MINER

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PREFACE

The plan of this work on BOOKKEEPING is simple yet comprehensive, and the work is graded and developed with a view to interesting the student and imparting to him a knowledge of the subject that will have both an educational and a practical value.

Nearly all entries in bookkeeping are simple in character, and this fact is emphasized in the exercises and sets herein given. To cultivate self-reliance many reviews are included. These reviews are so arranged that the student does the work without assistance. The chief object is to enable him to master the principles of bookkeeping, and then the application of these principles to the various problems that may arise in business is not difficult.

Business forms are provided for a number of practice sets. This portion of the work is of an elastic character and may be used according to the time allotted to the study of bookkeeping, the requirements of the course of study, or the inclination of the instructor.

The author acknowledges his profound obligations to his friend, partner, and coworker, the late John H. Moore.

The following persons read either the manuscript or the proof sheets, and the helpful criticisms and suggestions they made have contributed greatly to the value of the work: Henry R. Hatfield, Professor of Accounting, University of California; Stephen W. Gilman, Professor of Business Administration, University of Wisconsin; William M. Cole, Assistant Professor of Accounting, Harvard University; Joseph F. Johnson, Dean of the School of Commerce, Accounts, and Finance, New York University; Charles C. Jones, Principal of the Commercial Department High School, Dunkirk, New York; Albert G. Belding, First Assistant. Far Rockaway High School, New York City; Myron F. Palmer, Principal Bay Path Institute, Springfield, Massachusetts; Elizabeth F. Atwood, Commercial Department, High School, Westfield, Massachusetts; Elizabeth Campbell, Commercial Department, High School, Somerville, Massachusetts.

Business men, bookkeepers, and accountants have also been consulted freely regarding many features of this text, and their practical suggestions have added to the working value of the book. A part of this text is developed from "Accounting and Business Practice."

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†

BOOKKEEPING

PART I. INTRODUCTORY WORK

INTRODUCTION

1. It is of first importance that the student should begin his work in accounts at some point where knowledge of his own is readily associated with that systematic arrangement of the record of business transactions termed **Bookkeeping**. The unknown must come into definite contact with the known if the mind of the learner is to be led step by step to larger understanding. Students who know nothing of accounts are often very familiar with the buying of household articles, and understand that they get one value by giving some other value in return. The starting point in this text treats of the giving and the receiving of values, and this feature is developed by a series of graded exercises.

2. The ability to apply a principle is always of positive value; for this reason, in the body of the text, terms are described and applied rather than defined. However, for the accommodation of those instructors who wish formal definitions, an appendix is given in which terms are defined.

3. A script model set is given, worked out in all details, using the journal and the ledger, and the results and the condition of the business are fully shown. Later, when the cashbook, the purchase book, and the sales book are introduced, another script set is given for the student's direction.

4. The oral exercises include a large number of entries which cover an extensive variety of transactions. They afford material for study, for class discussion, and for instruction in the principles of bookkeeping.

5. At the close of each set, reviews are given which provide different kinds of work. In these reviews, the text gives the student no aid, but he has an opportunity to test independently the knowledge he has gained. Some of these review exercises have sufficient data for a complete set.

6. The first exercise in the student's work is found on page 7.

Model Journal

January 1, 19-17

PAGE	DEBITS AND CREDITS	EXPLANATIONS	DEBIT AMOUNT	CREDIT AMOUNT
	I, James Wilson, began business, investing cash $2000.00			
1	Cash	1 Investment	2000 —	
1	Jas. Wilson			2000 —
1	Expense	2 Paid rent of	50 —	
1	Cash	store for Jan.		50 —
1	Mdse.	3 Invoice of M.C.	950 —	
1	Cash	Brown, #1		950 —
1	Cash	4 Sold A. King	270 —	
1	Mdse.	45 bbl. Flour 6.00		270 —
1	Mdse.	5 Invoice of L.C.	240 —	
1	Cash	Horton, #2		240 —
1	D. Simons	6 Sold on acct.	244 —	
1	Mdse.	30 bbl. Flour 6 — 180 —		
		40 " Salt 1.00 64 —		244 —
1	Cash	8 Sold A. Mead	125 —	
1	Mdse.	20 bbl. Flour 5.50 110 —		
		10 " Salt 1.50 15 —		125 —
1	Mdse.	9 Invoice on ac-	375 40	
1	O. Lane	count, #3		375 40
1	Cash	10 Received on ac-	144 —	
1	D. Simons	count		144 —
1	O. Lane	11 Paid on acct.	175 40	
1	Cash			175 40

Model Ledger

James Wilson

MO.	DAY	EXPLANATION	PAGE	$	¢	MO.	DAY	EXPLANATION	PAGE	$	¢
						19- Jan.	1		1	2000	—

Cash

19- Jan.	1		1	2000	—	19- Jan.	2		1	50	—
	4		1	270	—		3		1	950	—
	8		1	125	—		5		1	240	—
	10		1	144	—		11		1	175	40

Expense

19- Jan.	2		1	50	—						

Merchandise

19- Jan.	3		1	950	—	19- Jan.	4		1	270	—
	5		1	240	—		6		1	244	—
	9		1	375	40		8		1	125	—
	—										

D. Simons

19- Jan.	6		1	244	—	19- Jan.	10		1	144	—

O. Lane

19- Jan.	11		1	175	40	19- Jan.	9		1	375	40

Model Trial Balance

Trial Balance, Jan. 31, 19–

PAGE	NAME OF ACCOUNT	DEBIT	CREDIT
1	Jas. Wilson		2000 —
1	Cash	2539 —	1415 40
1	Expense	50 —	
1	Mdse.	1565 40	639 —
1	D. Simons	244 —	144 —
1	O. Lane	175 40	375 40
		4573 80	4573 80

Model Statements

Statements, Jan. 31, 19–

		LOSSES	GAINS
Loss & Gain	Statement		
Mdse. Cr.	639		
Inv.	1026		
Total	1665		
Dr.	1565.40		99 60
Expense Dr.		50 —	
Net Gain	of the business	49 60	
		99 60	99 60

		RESOURCES	LIABILITIES
Resource & Liability	Statement		
Cash	on hand	1123 60	
Mdse.	inventory	1026 —	
D. Simons	due the business	100 —	
O. Lane	bus. owes him		200 —
Res. Worth	of the business		2049 60
		2249 60	2249 60

Verification			
James Wilson	Investment	2000 —	
	Net Gain	49 60	
	Res. Worth		2049 60
		2049 60	2049 60

Model Ledger Closed

James Wilson

					19—				
					Jan.	1		1	2000 —
						31	Net Gain	1	49 60
			2049	60					2049 60
					Feb.	1	Pres. Worth		2049 60

Merchandise

19—					19—					
Jan.	3		1	950 —	Jan.	4		1	270 —	
	5		1	240 —		6		1	244 —	
	9		1	375 40		8		1	125 —	
		Loss & Gain		[illegible]			Inventory			
				1665 —					1665 —	
Feb.	1	Inventory		1026 —						

Expense

19—									
Jan.	2		1	50 —	[illegible]		[illegible]		

Loss & Gain

19—					19—				
Jan.	31	Expense	1	50 —	Jan.	31	Mdse.	1	99 60
		[illegible]		[illegible]					
				99 60					99 60

Model for recording Inventories

Inventories, Feb. 28, 19—

Merchandise				
300 bu. Corn	38¢	114	—	
100 " Wheat	72¢	72	—	
200 " Oats	29¢	58	—	
150 " Rye	49¢	73	50	317 50
Expense				
Office Safe		110	—	
Office Books		25	60	135 60

THE SCRIPT FORMS AND MODELS

In connection with the student's preliminary work he is directed to write some of the script forms given on preceding pages. These forms represent the highest excellence in penmanship and may serve as models in writing for the student. The plan, statement, and arrangement of these models may be a guide to the student in all his work throughout the book. The method of placing matter on the page and the completeness of explanations are parts of high-grade bookkeeping.

While writing these models the student is learning how to place business transactions on the written page in the most approved manner. Business records are not only valuable when made, but may be of especial importance years hence; therefore it is necessary that the statements be clear not only to the writer but to any person who may have occasion to examine them at any future time. If books are introduced into court as evidence, the explanatory part of the records is often the most important. It is the experience of attorneys that very few books of record that are brought into court have any value as evidence, because of the incompleteness of the explanatory matter. If explanations are not made clearly, a correct entry is of little value as conclusive evidence.

Erasures are not to be tolerated, as they not only spoil the neatness of the page, but often make entries look suspicious.

EXERCISE 1

For Oral Work

A **Business Transaction** is an exchange of values; that is, the giving of one value in return for another.

A bought of B 20 T. coal at $5 per ton, and paid the money for it. Name the two values in this transaction. Which value did A receive? Which value did he give?

A sold to C 2 T. coal at $6 per ton, and received the money for it. Name the two values in this transaction. Which value did A receive? Which value did he give?

Each of the above transactions is an exchange of values. In the first, A *receives* value, 20 T. coal, and *gives* value, $100 in money. In the second, A *receives* value, $12 in money, and *gives* value, 2 T. coal.

A merchant sold a pair of shoes for $4; the value received by him was *$4*, and the value given was *a pair of shoes.*

A man sold a horse for $100; the value received by him was *$100*, and the value given was *the horse.*

A doctor occupied a suite of rooms which belonged to another man, for the use of which he paid the owner at the end of one month $50; the value received by the doctor was *the use of the rooms*, and the value given was *$50.*

A grocer sold John Bell a barrel of flour for $6, which was to be paid for in 10 da., a sale on *credit* or on *account;* the value received by the grocer was *the expressed or implied promise* of the customer to pay the bill in 10 da., and the value given was *the barrel of flour.*

A manufacturer paid B $2 for shoveling snow off his sidewalks; the value received by the manufacturer was *the services of B*, and the value given was *$2.*

C borrowed $100 of D, and at the end of 6 mo. paid $3 for the use of the money to date; the value received by C was *the use of $100 for 6 mo.*, and the value given was *$3.*

Henry Brown bought a suit of clothes of his tailor for which he paid $40; the value received by Brown was *the suit of clothes*, and the value given was *$40.*

These represent business transactions, for they show that for every value received a value was given.

EXERCISE 2

For Oral Work

These items represent the transactions of a merchant, Edward M. Brown, for several days. Name the value received and the value parted with in each transaction.

Feb. 1. Bought of A. R. Dean for cash, 500 bu. wheat at $1.

2. Sold Fred S. Lay for cash, 100 bu. wheat at $1.15.

3. Bought of John Barr for cash, 50 bu. beans at $3.

4. Sold Bell Bros. for cash, 30 bu. beans at $3.50.

5. Bought of H. A. Leary for cash, a set of office books for $15.

This item is called *Expense* because the supplies were bought to be consumed, not to be sold, — an expenditure to carry on the business.

6. Bought of Thos. M. Day for cash, 200 bu. millet at $1.

6. Sold S. A. Allen for cash, 100 bu. millet at $1.30.

8. Paid John Race, a carpenter, cash for repair work, $6.

9. Bought a delivery wagon of A. R. Meek for cash, $55.

10. Bought a horse of James Crow for cash, $75.

11. Sold J. H. Morse for cash, 200 bu. wheat at $1.15.

12. Bought of Arthur Way 60 bu. beans at $3, and agreed to pay for them in 10 da.

In this transaction the value received is the 60 bu. beans, and the value parted with is the stated or implied promise to pay for them in 10 da.

13. Sold Isaac Mason 40 bu. beans at $3.50, and he agreed to pay for them in 15 da.

15. Gave John Weeks, a clerk, cash, $10.

EXERCISE 3

For Written Work

Take a sheet of paper and draw a line through the middle of the page from the top to the bottom. On the *left* side of this line write the technical name of the value received, and on the *right* side of the line write the technical name of the value parted with, for each transaction in Exercise 2.

The technical term applied to goods bought to be sold is *Merchandise;* to any expenditure to carry on the business, *Expense;* to all forms of money, and business papers which pass as money, *Cash.*

Cash includes gold, silver, paper money, checks, bank drafts, money orders, etc.

Expense may include rent, fuel, lighting, clerk hire, postage, stationery, advertising, and the like.

When there is an expenditure to carry on the business, such as the payment of money for rent, the value received is entered under the name *Expense*.

Items of Feb. 1, 2, 8, and 12 will appear as follows, in the order named:

Mdse.	$500	Cash	$500
Cash	115	Mdse.	115
Expense	6	Cash	6
Mdse.	180	Arthur Way	180

EXERCISE 4

For Written Work

This exercise is to be worked out in the same form as the preceding one; that is, the names and the amounts of the values received and parted with are to be placed respectively on the left and right sides of a perpendicular line. As a review, the exercise may be used first orally.

These items represent the transactions of a merchant, Richard S. Rowe, for several days.

March 1. Bought of J. N. Osborn for cash, 60 yd. velvet carpet at $1.

2. Sold Allan Dale for cash, 25 yd. velvet carpet at $1.20.

3. Paid Henry A. Milton cash, for rent of the store for 1 mo., $28.

A receipt similar to the one illustrated herewith would be received by Rowe from Milton.

Albany, N. Y., March 3, 19—

Received of Richard S. Rowe

Twenty-eight ⁰⁰/₁₀₀ Dollars

for rent of store for 1 mo.

$ 28⁰⁰ Henry A. Milton

4. Bought of Wm. Jackson for cash, 100 yd. Brussels carpet at $1.25.

5. Sold John Welton for cash, 40 yd. Brussels carpet at $1.50.

6. Bought of John Lane, on account, 20 Smyrna rugs at $3.75.

On the *right* side of the line write *John Lane*, because the promise was given to him.

In this transaction, *on account* means that the goods bought are to be paid for at some future time.

March 6. Sold John Drew, on account, 10 Smyrna rugs at $4.75.

On the *left* side of the line write *John Drew,* because the promise was received from him.

8. Sold Ira Hicks for cash, 5 Smyrna rugs at $5.
9. Bought of D. K. Pearson for cash, 100 yd. ingrain carpet at 70¢.
10. Paid John Lane cash, to apply on account, $50.

On the *left* side of the line write *John Lane,* because the promise given was redeemed. In this transaction, *to apply on account* means that only a part of what was owed was paid.

11. Sold A. L. Derby for cash, 50 yd. ingrain carpet at 85¢.
12. Received of John Drew cash, to apply on account, $25.

On the *right* side of the line write *John Drew,* because he redeemed his promise.

13. Bought of Harry Lucas for cash, office books and stationery, $12.
13. Bought of A. F. Service for cash, 200 yd. matting at 45¢.
15. Sold Harvey Gilman for cash, 100 yd. matting at 60¢.
16. Bought of Harvey Pease for cash, 3 T. coal for office use at $6.
17. Sold John L. Smith for cash, 50 yd. matting at 58¢.
18. Sold Albert Owen, on account, 40 yd. matting at 63¢.
19. Bought of Amos Gibson, on account, 100 yd. velvet carpet at $1.
20. Sold Lester Ford for cash, 25 yd. velvet carpet at $1.40.
22. Paid Amos Gibson cash, to apply on account, $75.
23. Received of Albert Owen cash, in full of account, $25.20.

In full of account means that *all* that was owed on a given account was paid.

EXERCISE 5

For Written Work

In this exercise use the same form as in Exercises 2 and 4. As a review, the exercise may be used first orally.

These items represent the transactions of a merchant, James A. Murphy, for several days.

April 1. Bought of Ball & Son for cash, 200 bbl. flour at $5.
2. Sold Henry Allen for cash, 100 bbl. flour at $6.50.
3. Paid John Weeks cash, for rent of the store for 1 mo., $50.
4. Bought of Hunt & Co., at 10 da., 500 bu. wheat at 95¢.

At 10 da. means *on account, to be paid in 10 da.*

5. Sold Powell & Co., at 10 da., 300 bu. wheat at $1.10.
6. Sold Lane & Son for cash, 50 bbl. flour at $6.50.

April 6. Bought of Harper & Co. for cash, 5 T. coal for office use at $6.

8. Sold Lee & Sampson for cash, 100 bu. wheat at $1.08.

9. Bought of Field & Co. for cash, 1 office safe for $65.

Transactions for April 9 and 10 may be treated as Expense items.

10. Bought of Derby Desk Co. for cash, 1 office desk for $35.

11. Bought of Wright Bros. for cash, 600 bu. corn at 50¢.

12. Sold Elder & Co. for cash, 50 bu. wheat at $1.05.

13. Paid Hunt & Co. cash, for the amount of the bill of April 4.

15. Received of Powell & Co. cash, for the amount of the bill of April 5.

16. Paid John Atlin, a clerk, cash, $10.

EXERCISE 6

TERMS EXPLAINED

All items at the left of the perpendicular line, in the preceding exercises, are *debits*, and all items at the right are *credits;* hence

Debits represent values *received*, and **Credits** values *parted with.*

A systematic classification of debits and credits in business transactions is called **Journalizing.**

A person who owes a debt is called a **Debtor**; a person to whom a debt is owed, a **Creditor.**

A **Debit** is an amount due the business, or the amount of a thing or a service received; a **Credit** is an amount owed by the business, or the amount of a thing or a service given.

By universal custom, the **left-hand** side of an account is the **Debit** side, and the **right-hand** side the **Credit** side.

As an oral exercise, go over all the transactions in Exercises 2, 4, and 5, and classify the values received and parted with as debits and credits.

EXERCISE 7

For Written Work

These items represent the transactions of a merchant, Wm. L. Martin, for several days. Classify the values as debits and credits.

May 1. Bought of Brown Bros., on account, 1000 bu. wheat at $1.

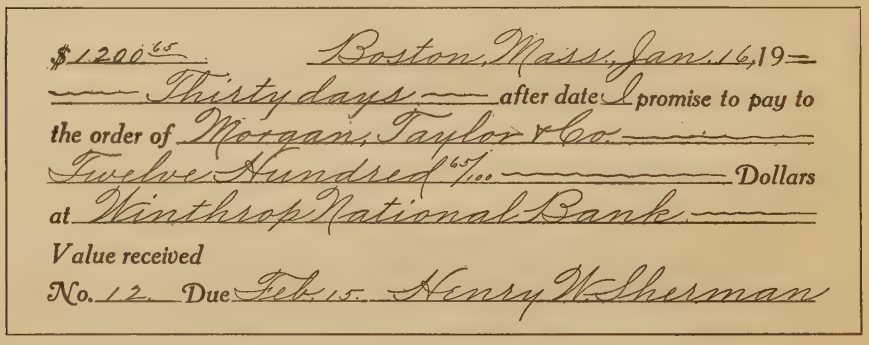
2. Bought of Taylor & Co., at 10 da., 1000 bu. corn at 45¢.

3. Sold Henry Smith, at 15 da., 200 bu. wheat at $1.20.

The technical term for my *written* promise to pay money to another is, on my books, *Bills Payable;* for his *written* promise to pay me, *Bills Receivable.*

Some instructors prefer to use the terms *Notes Payable* and *Notes Receivable.* There is no objection to the use of these terms.

The following **Promissory Note** would be classified as *Bills Payable* by Henry W. Sherman, and as *Bills Receivable* by Morgan, Taylor & Co.


1200^{65} Boston, Mass. Jan. 16, 19—

Thirty days after date I promise to pay to the order of Morgan, Taylor & Co.

Twelve Hundred $^{65}/_{100}$ Dollars

at Winthrop National Bank

Value received

No. 12 Due Feb. 15. Henry W. Sherman

May 4. Gave Brown Bros., on account, a note at 5 da., for $500.

Who received value in this transaction? What is the name of the value parted with?

5. Received of Henry Smith his note at 5 da., for $240.

What value was received in this transaction? To whom was value given?

6. Sold James W. Hills for cash, 400 bu. corn at 55¢.

6. Paid H. S. Crane cash, for rent of the store for 1 mo., $50.

8. Bought of James B. Williams, on account, 1000 bu. oats at 40¢.

9. Paid Brown Bros. cash, for a note due to-day, $500.

The name of the value given in the transaction of May 4 is here the name of the value redeemed.

10. Received of Henry Smith cash, for his note due to-day, $240.

The name of the value received in the transaction of May 5 is here the name of the value parted with.

11. Sold Wm. Jones, on account, 500 bu. oats at 50¢.

12. Bought of Lacey & Son for cash, 2 T. coal, to be used for heating the store, at $5.

13. Received of Wm. Jones cash, to apply on account, $100.

13. Paid James B. Williams cash, to apply on account, $250.

15. Paid Mary A. Brown, a clerk, cash, $20.

EXERCISE 8

SUGGESTIONS FOR RULING

Good mechanical work is essential in bookkeeping. If good results are to be secured, the pen, the ruler, and the blotter must be used in the right way.

Use red ink for all ruling; always have a blotter at hand; use a medium pen, not too fine; dip the pen in the ink lightly; avoid getting ink on the ruler.

Use ordinary writing paper, ruled; sit facing the desk squarely; place the paper directly in front of you.

Place the beveled edge of the ruler just below the first ruled line on the page; keep the point of the pen away from the ruler. Draw a line across the page, keeping the pen on the ruled line, as follows:

Do not lift the pen until the line is finished. Continue this ruling until you have ruled a red line on every blue line of the page.

Now rule lines *between* the ruled lines of the page just finished.

Use a second sheet of paper for ruling *double* lines. Draw a single red line on the blue line; without moving the ruler draw a second red line just underneath the first. You now have parallel lines across the page.

Parallel lines: ═══════

In ruling parallel lines the position of the ruler is not changed, but the hand is pressed slightly forward.

Repeat the parallel ruling until both sides of the sheet have been ruled, then rule parallel lines *between* the lines already ruled.

This exercise in ruling should be repeated from day to day until good results are secured.

EXERCISE 9

SET A (MODEL SET). GENERAL MERCHANDISE

On pages 2 to 5 is a *model set*, in script, complete in every detail. This set was written from the following memoranda of transactions. Study each transaction in connection with the entry for it in the *model journal*, both the debit and the credit, also the explanatory portion. Note the name given to each column in the journal. The paragraph in script at the beginning of the journal is the *memorandum*, setting forth the conditions under which business was begun. The figures in the middle of the script journal page are the dates.

When a man begins business he usually makes an *investment*, so that he may be able to carry on his business. In these practice sets cash investments will be used.

In this set the proprietor, James Wilson, makes a cash investment of $2000.

Memoranda of Transactions

Jan. 1. James Wilson began business, investing cash, $2000.

2. Paid James A. Bird cash, for rent of the store for 1 mo., $50.

3. Bought of M. C. Brown for cash:

190 bbl. Flour at $5

4. Sold H. King for cash:

45 bbl. Flour at $6

5. Bought of L. C. Horton for cash:

24 bbl. Flour at $5 — 120 bbl. Salt at $1

6. Sold D. Simons on account:

30 bbl. Flour at $6 — 40 bbl. Salt at $1.60

8. Sold A. Mead for cash:

20 bbl. Flour at $5.50 — 10 bbl. Salt at $1.50

9. Bought of O. Lane on account:

60 bbl. Flour at $5.24 — 61 bbl. Salt at $1

10. Received of D. Simons cash, to apply on account, $144.

11. Paid O. Lane cash, to apply on account, $175.40.

Inventory, January 31, 19—

Merchandise:

179 bbl. Flour at $5	$895	
131 bbl. Salt at $1	131	$1026

Note. The inventory is recorded immediately after the memoranda of transactions, just for convenience. The use of the inventory will be discussed in Exercise 23.

The fundamentals of bookkeeping are recognized by all bookkeepers, but the forms of record vary. One of the simplest forms of recording business transactions is to write the dates, the debit and the credit titles, a complete history of the transactions, and the money values of the same in a book called the **Journal**, including the daybook record or explanations, and to collect and classify these entries in a book of accounts called the **Ledger**.

This method is set forth in the introductory work.

EXERCISE 10

ANALYSIS OF THE MODEL JOURNAL

The following is an analysis of each entry in the model journal. *Similar analyses* should be used in connection with all journalizing.

Entry 1. Cash is debited because value was received by the business under the title *Cash.*
James Wilson is credited for the amount he invested in the business.

Entry 2. Expense is debited because value was received by the business under the title *Expense.*
Cash is credited because value was parted with by the business under the title *Cash.*

Entry 3. Merchandise is debited because value was received by the business under the title *Merchandise.*
For the credit, refer to the second part of Entry 2.

Entry 4. For the debit, refer to the first part of Entry 1.
Merchandise is credited because value was parted with by the business under the title *Merchandise.*

Entry 5. For the debit, refer to the first part of Entry 3.
For the credit, refer to the second part of Entry 2.

Entry 6. D. Simons is debited because he became indebted to the business.
For the credit, refer to the second part of Entry 4.

Entry 7. Refer to Entry 4.

Entry 8. For the debit, refer to the first part of Entry 3.
O. Lane is credited because the business became indebted to him.

Entry 9. For the debit, refer to the first part of Entry 1.
D. Simons is credited because he got out of debt to the business.

Entry 10. O. Lane is debited because the business got out of his debt.
For the credit, refer to the second part of Entry 2.

EXERCISE 11

SUMMARY OF PRINCIPLES

In the study of the preceding exercises it has been seen that we

DEBIT	AND CREDIT
1. That which is bought	2. That which is sold
3. That which costs value	4. That which produces value
5. All moneys received	6. All moneys paid out
7. Persons who owe the business	8. Persons whom the business owes
9. Other persons' notes received	10. Other persons' notes when paid by them
11. Our notes received (paid)	12. Our notes given (issued)

The foregoing principles may be summarized as **One General Principle for Journalizing,** as follows:

Debit, under their appropriate names, all values that are received by the business. (See **Debit,** Appendix B.)

Credit, under their appropriate names, all values that are given by the business. (See **Credit,** Appendix B.)

These principles are not to be memorized, but should be referred to frequently until their meaning and application are well understood.

By the skillful application of this principle the debits and the credits of every business transaction may be determined.

EXERCISE 12

For Written Work

Make an exact copy of the model journal, page 2, on a half sheet of loose journal paper. If journal paper is not available, rule a sheet of ordinary writing paper for a journal. This copy must be exact in every detail.

In making this copy omit the figure 1 in the page column of the model journal.

In the money columns at the right, when writing an even number of dollars, put a dash in the cents column. This shows that an omission has not occurred.

Keep this copy for a subsequent exercise.

EXERCISE 13

DIRECTIONS FOR POSTING

An **Account** is a collection of debits and credits under one heading.

An account may contain but one debit or one credit.
A number of accounts may be seen in the model ledger, page 3.

The **Ledger** is a book containing the accounts of the business.

Posting is a process of transferring debit and credit items to their respective accounts in the ledger.

At present, all posting is from the journal.

The *posting* of the model journal is on page 3. This page is the model ledger.

Each different name that appears in the model journal requires an account or a heading of the same name in the ledger; therefore there are

six accounts in the model ledger. The Proprietor's account is usually the first in the ledger.

To **Open an Account,** write in the ledger, as a heading, the name to which items are to be posted.

Note that in the model journal the debits and the credits of merchandise are distributed over the entire page. Then note that in the model ledger the debits and the credits of merchandise appear under the heading of *Merchandise* in one section of the page, entirely apart from other items on the page. Posting brings about this classification of debits and credits under appropriate headings.

The left and the right side of the ledger have the same ruling; the *left* is the *debit* side, and the *right* is the *credit* side.

Now examine the posting from the model journal to the model ledger.

By referring to the script set, the student has an opportunity to study posting in just the form in which it will appear in his own work.

In the model journal, in each entry, the name that is debited appears first, and the credit appears second. The *first* money column records the amount of the debit, and the *second* money column records the amount of the credit. All items in the first money column will be posted to the left (*debit*) side of the ledger; all items in the second money column will be posted to the right (*credit*) side of the ledger.

Now trace the posting of each debit item in the model journal to the model ledger.

The first item in the journal is *Cash.* Turn to the *Cash* account in the ledger, debit side, and note the *amount,* the *page* of the journal from which the item was posted, and the *date.* Above the date the year is written. The page of the ledger is placed at the left of *Cash* in the journal. The placing of these page numbers in both ledger and journal *checks* the posting; that is, shows that the posting has been completed.

The next debit item is *Expense.* Turn to the *Expense* account in the ledger and trace the amount, the page, and the date. Note that the ledger page is placed at the left of *Expense* in the journal.

In this manner trace the posting of each *debit* item in the journal.

The first credit item in the journal is *James Wilson.* Turn to his account in the ledger, credit side, and note the amount, the page, and the date. Above the date the year is written. The page of the ledger is placed at the left of *James Wilson's* name in the journal.

The next credit item is *Cash.* Turn to the *Cash* account in the ledger, credit side, and note the amount, the page, and the date. Remember to place the page of the ledger at the left of *Cash* in the journal.

In this manner trace the posting of each credit item in the journal. Review until all is clearly understood.

EXERCISE 14

ANALYSIS OF THE MODEL LEDGER

The posting of the model journal has been completed. The following is a full explanation of each account in the model ledger.

Each account having more than one item has been footed. (The minute figures in the accounts show this footing.) These footings should always be written in pencil. (See model ledger, page 3.)

James Wilson's account:

The credit shows that he invested $2000 in the business.

The debit shows that he has withdrawn nothing from the business.

Cash account:

The debit shows that the business has received $2539.

The credit shows that the business has paid out $1415.40.

Expense account:

The debit shows that value was received, — the use of the store, which cost $50.

Merchandise account:

The debit shows that the business has bought merchandise to the amount of $1565.40.

The credit shows that the business has sold merchandise to the amount of $639.

D. Simons's account:

The debit shows that he became indebted to the business to the amount of $244.

The credit shows that he paid $144 on his indebtedness.

O. Lane's account:

The credit shows that the business became indebted to him to the amount of $375.40.

The debit shows that the business has paid $175.40 on such indebtedness.

Similar analyses of ledger accounts should be made frequently.

The ledger is the book of accounts in business and is referred to very frequently for information that is wanted immediately; therefore one should be able to understand an ordinary account almost at a glance. For this reason, strong emphasis has been placed on the analysis of ledger accounts in the very earliest stages of the student's work in bookkeeping.

EXERCISE 15

TRIAL BALANCE OF THE MODEL LEDGER

The script trial balance, page 4, is a trial balance of the model ledger.

The trial balance is simply a list of the names and the totals of each open ledger account and shows that the debits and the credits are equal.

Study this trial balance carefully, and then take a trial balance of the model ledger and compare it with the script trial balance.

EXERCISE 16

For Written Work

Each student has made a copy of the model journal on a sheet of journal paper.

Post this exercise, using a half sheet of loose ledger paper. Allow ten lines for each account. Write the accounts in the same order as in the model ledger. Post the model journal a second time.

In posting, write the name of the month and the year at the head of each account only once, and do not use ditto marks.

Post *all* the debit items first, and then *all* the credit items.

After the journal items have been transferred to the ledger, the posting may be *rechecked*. This checking is usually done to locate an error.

Determine whether the first debit item in the journal has been posted correctly to the ledger. If it has, place a small check (✓) in pencil at the left of the first money column in the journal, and at the left of the folio column in the ledger. Use a pencil for checking, and make very *small* check marks. These marks should not be erased.

The following script illustrations will show how this checking should be done.

April 6, 19–

9	Mdse.	Invoice on ac-	✓	314 25		
9	J. A. Lyons	count, #6	✓		314 25	

Merchandise

19– Apr.	6		✓3	314 25		
		J. A. Lyons 19– Apr.	6		✓3	314 25

Take trial balances of the ledgers just posted.

Keep this work for a subsequent exercise.

EXERCISE 17

For Written Work

Journalize Exercise 2, page 8, in the same form as the model journal. The names and the amounts are different from those in the model.

Under Feb. 1 the proprietor, Edward M. Brown, makes a cash investment of $1000. (An additional item.)

Make the memorandum and the entry for this investment, and then journalize the other business transactions.

When goods are bought, an invoice is received by the buyer and placed on file; for this reason the items of the invoice need not be recorded in the explanatory portion of the journal.

When goods are sold, an invoice is sent by the seller, and a copy of it is not always kept on file; for this reason the items of the invoice should be recorded in the explanatory portion of the journal.

These explanatory portions of the journal are held to be of great value in courts of law.

Use loose half sheets of journal paper and ledger paper. In the ledger allow ten lines for each account.

Recheck the posting. Take a trial balance.

Pass all work to the instructor.

EXERCISE 18

For Written Work

Journalize Exercise 4, page 9.

Under March 1 the proprietor, Richard S. Rowe, makes a cash investment of $1200. (An additional item.)

Post to the ledger and then recheck the posting.

Take a trial balance.

Pass all work to the instructor.

EXERCISE 19

For Written Work

Journalize Exercise 5, page 10.

Under April 1 the proprietor, James A. Murphy, makes a cash investment of $1100. (An additional item.)

Post to the ledger and then recheck the posting.

Take a trial balance.

Pass all work to the instructor.

EXERCISE 20

For Written Work

Journalize Exercise 7, page 11.

Under May 1 the proprietor, Wm. L. Martin, makes a cash investment of $1250. (An additional item.)

Post to the ledger and then recheck the posting.

Take a trial balance.

Pass all work to the instructor.

EXERCISE 21

SET B. FURNITURE

Journalize the transactions in this set, as in the model journal, on a half sheet of journal paper.

As a class exercise, each transaction may be journalized orally. Give the reason for each debit and each credit named.

Memoranda of Transactions

Feb. 1. Wm. A. Morton began the Furniture business and invested cash, $1800.

2. Paid E. R. Law cash, for rent of the store for 1 mo., $35.

4. Bought of Henry Burke for cash:

16 Library Tables at $25

6. Sold Case & Co. for cash:

8 Library Tables at $30

8. Bought of Henry Ellis on account:

12 Library Tables at $22.50

10. Sold John E. Smith on account:

10 Library Tables at $27.50

13. The proprietor withdrew cash for personal use, $50.

When the proprietor makes an investment the *business receives money from him,* and when he withdraws money for his own use the business gives money to him; therefore the entry is just the same as for any other person to whom money is paid.

15. Bought of John Hastings for cash:

20 Library Tables at $25

Feb. 19. Sold E. W. Harris for cash:

15 Library Tables at $30

23. Paid Henry Ellis cash, to apply on account, $150.

25. Received of John E. Smith cash, to apply on account, $175.

27. Paid Howard Green, a clerk, cash for his salary, $20.

INVENTORY, FEBRUARY 28, 19—

Merchandise:

15 Library Tables at $24.50 $367.50

NOTE. The use of the inventory will be discussed in Exercise 23.

Post to the ledger; allow ten lines for each account.

Take a trial balance.

Keep all this work for a subsequent exercise.

EXERCISE 22

SET C. GRAIN AND SEED

Journalize the transactions in this set in the same form as the model journal, on a half sheet of loose journal paper.

As a class exercise, each transaction may be journalized orally. Give the reason for each debit and each credit named.

MEMORANDA OF TRANSACTIONS

March 1. Student begins the Grain and Seed business and invests cash, $1500.

2. Pay Harold Brown cash, for rent of the store for 1 mo., $40.

3. Buy of H. H. Morley for cash:

400 bu. Corn at 48¢ 350 bu. Oats at 35¢

4. Sell Smith Bros. for cash:

200 bu. Corn at 60¢ 100 bu. Oats at 42¢

6. Buy of Grace & Co. for cash, office books and stationery, $14.50.

What is the name of the account that is debited?

8. Buy of Wm. A. Cannon, on account:

250 bu. Wheat at $1 15 bu. Clover Seed at $6

10. Sell James A. Butler, on account:

150 bu. Corn at 61¢ 200 bu. Oats at 43¢

March 13. Pay Wm. A. Cannon cash, to apply on account, $200.

15. Buy of the Larkin Coal Co. for cash, 2 T. coal, for office use, at $5.50.

17. Receive of James A. Butler his note at 10 da., to apply on account, $100.

What name is given to *his note?*

20. Sell A. R. Burton for cash:

8 bu. Clover Seed at $7.50

22. Give Wm. A. Cannon your note at 30 da., to apply on account, $100.

What name is given to *your note?*

23. Sell Henry A. Barker, on account:

120 bu. Wheat at $1.20

24. Receive of James A. Butler cash, to balance his account, $77.50.

25. Withdraw from the business cash, for personal use, $75.

26. Receive of Henry A. Barker cash, to apply on account, $100.

27. Receive of James A. Butler cash, for his note due to-day, $100.

What is the debit in this transaction? the credit?

29. Buy of Johnson & Co. for cash:

100 bu. Corn at 50¢ 100 bu. Oats at 35¢

30. Sell Harding & Co. for cash:

50 bu. Corn at 62¢ 50 bu. Oats at 44¢

31. Pay James A. Norton, a clerk, cash, for his salary, $22.50.

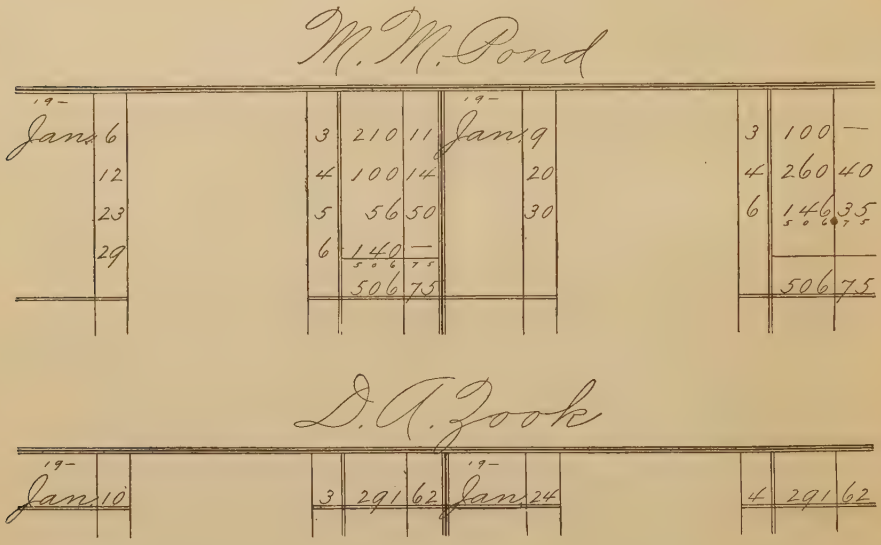
INVENTORIES, MARCH 31, 19—

Merchandise:		
100 bu. Corn at 50¢	$50.	
100 bu. Oats at 35¢	35.	
130 bu. Wheat at $1	130.	
7 bu. Clover Seed at $6	42.	$257.
Expense:		
Office Books	$10.	
1 T. Coal	5.50	$15.50

NOTE. The use of the inventory will be discussed in Exercise 23.

Post to the ledger; allow fifteen lines for the *Cash* account, and ten lines for all other accounts.

Before taking a trial balance rule the accounts in the ledger that balance. The script illustrations herewith show how to rule them. Rule the accounts of *James A. Butler* and *Bills Receivable.*



Take a trial balance.

Keep all this work for a subsequent exercise.

EXERCISE 23

For Oral and Written Work

INVENTORIES AND THE CLASSIFICATION OF ACCOUNTS

The student may verify the inventory given in Set A, as follows:

How many barrels of flour were bought? How many barrels were sold? How many barrels should be on hand?

How many barrels of salt were bought? How many barrels were sold? How many barrels should be on hand?

An **Inventory** is an itemized statement of the value of the goods on hand.

An inventory is usually taken at *cost* prices.

An inventory of merchandise is *never* found by taking the *balance* of the merchandise account. This is true because the cost prices and the sale prices are not the same, and the true condition of the account can be shown only by using the inventory.

Expense and other items are inventoried frequently.

This is true because only a part of that which was charged to *Expense* may have been consumed or disposed of.

The inventories in each set should be copied into the journal immediately following the last journal entry.

Unless otherwise instructed, *date each inventory* under the *last day* of the month in which the set was written.

The inventories are recorded in the journal as a matter of convenience. In business, it is a common practice to make out the complete inventory on sheets of paper; these sheets are then bound and filed for subsequent use.

In working out the following classification of accounts, refer to the model ledger and the model trial balance on pages 3 and 4.

In the *Merchandise* account, what are the total purchases? the total sales? What is the value of the goods on hand (the inventory)? Now it can be determined if any gain has been realized.

By putting together the amount of the goods sold, the credit, and the value of the goods on hand (the inventory), the money value of the *Merchandise* account at the close of the month is shown: \$639 + \$1026 = \$1665. These goods cost (the debit) \$1565.40; the difference (\$1665 — \$1565.40) is \$99.60, the gain.

To summarize, using two methods:

No. 1		No. 2		
Merchandise:		Merchandise:		
Cr.	\$639.	Cr., sales		\$639.
Inv.	1026.	Dr., cost	\$1565.40	
Total	\$1665.	Less inv.	1026.	
Dr.	1565.40	Cost of sales		539.40
Gain	\$99.60	Gain		\$99.60

In the work of this text the first form will be used. Note the working out of this result in the model statement, page 4.

Refer to the *Expense* account. What was the expenditure to carry on the business for the month? This is a loss. Why?

If the gain on merchandise is \$99.60 and the loss on expense is \$50, what is the *net gain*, that is, the excess of the gain over the loss?

Find the *net gain* in each of the following, and make a written statement according to the model, page 4.

1. Merchandise account: debit, \$655.20; credit, \$503.50; inventory, \$254.25. Expense account: debit, \$55.

2. Merchandise account: goods bought, $732.50; goods sold, $525; goods on hand, $310. Expense account: debit, $45.

3. Merchandise account: debit, $1235.25; credit, $894.75; inventory, $521.50. Expense account: debit, $75.

4. Merchandise account: goods bought, $1052.60; goods sold, $825; goods on hand, $410.15. Expense account: debit, $60.

EXERCISE 24

For Oral and Written Work

CLASSIFICATION OF ACCOUNTS

In working out this exercise refer to the model ledger and the trial balance on pages 3 and 4.

Refer to the *Cash* account in the trial balance. What is the total cash received? the total paid out? the balance on hand? Is this balance a resource (property on hand) or a liability (amount owed)?

What is the condition of D. Simons's account? Does he owe the business, or does the business owe him? Is the balance a resource or a liability?

If he owes the business, the amount owed is a resource.

What is the condition of O. Lane's account? Does the business owe him, or does he owe the business? Is the balance a liability or a resource?

If the business owes him, the amount is a liability.

Is the merchandise on hand (inventory) a resource or a liability?

For the present, treat *all* inventories as resource items.

The difference between the *resources* and the *liabilities* is the *capital*, or the *present worth.*

In the Proprietor's account, *James Wilson*, what is the total investment? the total withdrawal? the net investment (the balance of the Proprietor's account)?

If James Wilson's net investment is $2000 and the business has gained for him $49.60 above all losses, what is he worth on January 31?

In the above exercises it is clear that each open account (an account that does not balance) has a positive bearing on the *condition of the business*, and if these results are properly classified, both what has been accomplished by the business and the present state of affairs may be determined.

In business, these results are usually set forth at stated periods, either once or twice a year.

EXERCISE 25

TERMS DEFINED AND EXPLAINED

Books are kept for the purpose of determining the results and the condition of the business.

The **Results** are shown by the gains realized or the losses sustained.

A formal statement of *losses* and *gains* is usually called a **Business Statement.**

The **Condition** is shown by the resources and the liabilities.

A formal statement of *resources* and *liabilities* is usually called a **Financial Statement.**

The **Net Gain** is the excess of gains over losses.

The **Net Loss** is the excess of losses over gains.

Resources or **Assets** are property belonging to the business, or amounts due the business.

Liabilities are amounts owed by the business.

The **Present Worth** or **Capital** is the excess of resources over liabilities; the excess of liabilities over resources is **Insolvency.**

In all loss and gain accounts:

If the credit, including the inventory, is the larger, the account shows a gain.

If the debit, including the inventory, is the larger, the account shows a loss.

Gains are realized:

If resources increase and liabilities remain unchanged.

If liabilities decrease and resources remain unchanged.

If resources increase and liabilities decrease.

Losses are sustained:

If liabilities increase and resources remain unchanged.

If resources decrease and liabilities remain unchanged.

If liabilities increase and resources decrease.

In personal accounts:

If the debit is the larger, the account shows a resource.

If the credit is the larger, the account shows a liability.

If a personal account is given up as not collectible, it then shows a loss.

In the introductory part of the text all inventories are resources.

A trial balance is a copy of the ledger, only in a more convenient form.

The bookkeeping thus far explained is in double-entry form, and the cardinal principle of double-entry bookkeeping is **Equal Debits** and **Equal Credits.**

EXERCISE 26

A Written Review

Herewith are a number of trial balances from which statements of conditions are to be made, using loose sheets of journal paper.

As an oral exercise, it may be first determined which accounts show *resources* or *liabilities*, *losses* or *gains*.

Note. Unless otherwise instructed, use the form of statement given on page 4.

Then make the statements, as follows:

1. Copy the trial balance at the head of the journal page.
2. The **Loss and Gain Statement**, showing the *net gain*.
3. The **Resource and Liability Statement**, showing the *present worth*.
4. The *proof* or *verification* of the statements.

Date each statement Jan. 31, 19—.

Pass all work to the instructor for approval.

No. 1

Student	$200	$2200
Cash	1685	750
Mdse.	2470	1873
Expense	75	
F. Gross	310	100
M. King	342	250
J. Howe	219	452
F. Young	524	200
	$5825	$5825

Inventory:
Merchandise $725

No. 2

Student	$100	$1900
Cash	1755	1325
Expense	85	
Mdse.	2250	1935
C. Mason	325	
D. Roe		235
S. Miller	485	110
E. Lane	505	
	$5505	$5505

Inventory:
Merchandise $475.25

No. 3

Student	$200	$2500
Cash	1680	844
Mdse.	2640	1850
Expense	75	
A. Ward	300	800
E. Dunn	420	120
L. Jones	360	60
M. Martin	800	100
B. Lewis	299	500
	$6774	$6774

Inventory:
Merchandise $921.40

No. 4

Student	$100	$1700
Cash	1425	610
Expense	65	
Mdse.	1820	1260
A. Crane	380	120
S. Adams	100	400
C. Lyman	450	130
D. Owen	200	500
H. Howe	180	
	$4720	$4720

Inventory:
Merchandise $742.50

EXERCISE 27

For Written Work

In this exercise use the trial balances the student has made in Sets A, B, and C. Follow the directions given in Exercise 26.

This work should be done without reference to the textbook.

After each statement is approved by the instructor, keep all work for a subsequent exercise.

Make statements from the following trial balances; the inventories will be found in the textbook at the close of each set:

1. Exercise 9, Set A. 2. Exercise 21, Set B. 3. Exercise 22, Set C.

The Expense Inventory

The Expense inventory is made up of items which when bought were charged to *Expense;* the unused portion, at the time of making the statements, constitutes the *inventory.*

Illustration: If 10 T. coal were bought at the beginning of the month, and 4 T. were unconsumed at the end of the month, the 4 T. would constitute the inventory.

When there is an expense inventory, the *loss* on Expense is found as follows:

Expense:		
Dr.	$65.50	
Inv.	15.50	
Loss		$50

The *loss* is the *difference* between the debit of the account and the inventory.

In making the resource and liability statement, record the expense inventory as a *resource*, just the same as the merchandise inventory. In the loss and gain statement, subtract the inventory from the debit of expense, as shown in the above illustration.

It is unusual for the *Expense* account to have any credits. If some item that was debited to expense when bought should be sold, then expense would be credited.

If a man bought a safe for $60, his entry would be: *Expense*, $60, *Cash*, $60; if he sold it for $50, his entry would be: *Cash*, $50, *Expense*, $50. After posting these entries, there will be both a debit and a credit item in the ledger account of *Expense.*

EXERCISE 28

For Written Work

The results and the condition of the business in Sets A, B, and C have been shown by the statements just made. The next step is to show the results of the business in the ledger. To do this it will be necessary to **close the Loss and Gain Accounts** in the ledger.

To close the ledger it is necessary to close only such accounts as affect the *results* shown by the business; that is, the accounts that show loss or gain and the Proprietor's account.

Preparatory to closing the ledger the student should have some exercises in ruling.

The ruling of the following ledger page is the same as the ruling required in closing a ledger account. Practice this ruling until it is done well. Use red ink for this exercise.

Notice that the single line extends over only the *dollars and cents columns*, while the double lines cover *all* the perpendicular columns, the *explanatory* column excepted.

In business it is customary to show actual results, that is, make business and financial statements only once or twice a year. The ledger is closed after such statements have been made.

EXERCISE 29

CLOSING THE LEDGER

The following script page is an illustration of a ledger closed properly. Study the following explanations in connection with this page.

To close the *Merchandise* account:

1. Enter the inventory on the *credit* side, in red ink.

Ledger Closed

S. E. Brown, Prop.

19-					19-			
Jan. 23		2	100 —		Jan. 1		1	3000 —
31		3	50 —		31	Net Gain	26	424 06
	Net Worth		3424 06					3424 06
					Feb. 1	Bres. Worth		3274 06

Merchandise

19-					19-			
Jan. 1		1	936 21		Jan. 3		2	800 —
4		2	380 42		16		3	431 18
14		3	216 39		24		5	323 11
22		5	743 12		30		8	642 31
29		7	250 —			Inventory		
	Net Gain		3016 60					3016 60
Feb. 1	Inventory		850 31					

Expense

19-								
Jan. 1		1	50 —			Net Gain		
4		3	22 —					
17		6	19 40					
			91 40					91 40
Feb. 1	Inventory		25					

Loss and Gain

19-					19-			
Jan. 31	Expense	7	66 40		Jan. 31	Mdse.	7	490 46
	Net Gain		424 06					
			490 46					490 46

2. Find the difference between the sides of the account, the inventory included. This difference is the *gain.*

3. Enter the gain on the *debit* side, in red ink, under Loss and Gain.

4. Rule and foot the account; write the footings in black ink.

5. Bring the inventory below the rulings, on the *debit* side, in black ink, under Feb. 1.

6. Transfer the gain to the *credit* side of the *Loss and Gain* account, in black ink, under Jan. 31.

The principle of equal debits and equal credits must be rigidly enforced; therefore the entries in *red ink,* as the inventory and the gain, must be transferred to the opposite side of the ledger. This was accomplished as directed in 5 and 6.

To close the *Expense* account:

1. Enter the inventory on the *credit* side, in red ink.

2. Find the difference between the sides of the account, the inventory included. This difference is the *loss.*

3. Enter the loss on the *credit* side, in red ink, under Loss and Gain.

4. Rule and foot the account.

5. Bring the inventory below the rulings, on the *debit* side, in black ink, under Feb. 1.

6. Transfer the loss to the *debit* side of the *Loss and Gain* account, in black ink, under Jan. 31.

If there is no inventory in this account, simply enter the debit footing as a *loss.* See illustration on page 5.

To close the *Loss and Gain* account:

1. Enter the difference between the sides of this account as net gain, on the *debit* side, in red ink.

2. Rule and foot the account.

3. Transfer the net gain to the *credit* side of the *Proprietor's* account.

To close the *Proprietor's* account:

1. The net gain has been entered on the *credit* side, in black ink, under Jan. 31.

2. Find the difference between the sides of the account, the net gain included. This difference is the *present worth.*

3. Enter the present worth on the *debit* side, in red ink, under Jan. 31.

4. Rule and foot the account.

5. Bring the present worth below the rulings, on the *credit* side, in black ink, under Feb. 1.

The student will now make an exact copy of the closed ledger on page 5. Use a half sheet of ledger paper.

EXERCISE 30

For Written Work

On slips of ledger paper find the gain or the loss in each of the following accounts:

1. Merchandise: debit, $650; credit, $425; inventory, $310.
2. Expense: debit, $55; inventory, $25.
3. Merchandise: debit, $840; credit, $525; inventory, $415.
4. Expense: debit, $40.
5. Merchandise: debit, $565; credit, $339; inventory, $319.50.
6. Expense: debit, $74.50; inventory, $35.

Find the net gain or the present worth in each of the following accounts:

1. Loss and Gain: debit, $86.45; credit, $92.50.
2. Proprietor: debit, $75; credit, $1750; net gain, $120.
3. Loss and Gain: debit, $43.25; credit, $76.40.
4. Proprietor: debit, $50; credit, $1600; net gain, $61.25.

Make an exact copy of the closed ledger on page 31.

EXERCISE 31

For Written Work

On a half sheet of ledger paper open the following accounts; allow ten lines for each account.

I

Student, Proprietor

19— Jan.	23		1	100		19— Jan.	1		1	2000	

Merchandise

19— Jan.	7		3	900		19— Jan.	9		2	750	
	13		4	200			24		3	275	
	26		4	135							

EXPENSE

19—											
Jan.	10			5	25						
	27			5	10						

Inventory:

Merchandise $350

Open a *Loss and Gain* account; close the ledger.

II

W. A. JONES, PROPRIETOR

19—						19—					
Feb.	21		3	50		Feb.	1		1	1900	

MERCHANDISE

19—						19—					
Feb.	4		3	250		Feb.	8		3	175	20
	15		4	455	25		18		4	310	50
	21		5	536	75		25		5	502	70

EXPENSE

19—											
Feb.	2		1	50							
	11		2	35							

Inventories:

Merchandise	$450
Expense	25

Open a *Loss and Gain* account; close the ledger.

III

Student, PROPRIETOR

								19—					
								Mar.	1		1	1850	

MERCHANDISE

19—								19—					
Mar.	3		1	525	60			Mar.	8		2	385	25
	15		2	326	70				17		2	250	
	22		3	516	10				25		3	457	80
	26		4	110					30		4	225	35

EXPENSE

19—													
Mar.	5		1	55	20								
	16		2	30									
	20		2	10	25								

Inventories:

Merchandise	$510.50
Expense	42.50

Open a *Loss and Gain* account; close the ledger.

EXERCISE 32

FOR WRITTEN WORK

The ledgers which the student posted and kept will now be used for this exercise. After closing each ledger keep it for a subsequent exercise.

In each ledger open a *Loss and Gain* account, immediately following the last account on the page. Use the inventories given in the text.

1. Set A. Close the ledger. Compare the results with those shown in the statement of this set.

2. Set B. Close the ledger. Compare the results with those shown in the statement of this set.

3. Set C. Close the ledger. Compare the results with those shown in the statement of this set.

After closing the above-named ledgers, close the *Cash* account in each by balance, according to the following model:

Cash

19-					19-				
Jan.	1		1	1250 10	Jan.	1		1	350 25
	4		1	950 64		3		1	703 84
	7		1	240 69		4		1	133 50
	9		1	175 40		7		1	910 03
	10		1	100 50		9		1	189 56
	11		1	309 24		14		1	120 40
	26		1	530 53		31	Balance		1565 26
	30		1	415 74					
				3972 84					3972 84
Feb.	1	Balance		1565 26					

Closing an account by *balance* has nothing whatever to do with closing the ledger.

After closing the above account the condition of it is shown as a single item, the balance.

It is sometimes a great convenience to close an account by balance when it covers a large part of the ledger page, even before it is necessary to transfer the balance to a new space.

Any account may be closed by *balance* when the space assigned to it is filled and it is necessary to transfer it to a new space.

It is often desirable to close any account when it balances; this form of closing is shown on page 24.

Red ink is used commonly for rulings of all kinds, for closing entries in the ledger, and for records that require emphasis. In closing, the ledger entries to be *transferred to* some other place are usually written in red ink, and entries that have been *transferred from* some other source are always written in black ink. The transfer is necessary to preserve the balance or equality of the ledger.

The use of red ink is largely a matter of custom. Many bookkeepers use no red ink at all, insisting that it is a waste of time to change from one color to another. The use of red ink is advised for exercises in this book.

EXERCISE 33

SET D. HARDWARE

Journalize the following transactions, post, take a trial balance, make the two statements, close the ledger; close the *Cash* account by balance, and then take a second trial balance.

Write on loose sheets of journal paper and ledger paper.

If the student is able to do this work without assistance, he is ready for subsequent work; if not, he should rewrite one or more of the preceding sets.

Memoranda of Transactions

April 1. A. W. Tenny began the Hardware business, investing cash, $3000.

3. Bought of E. M. Chase & Son, on account, their complete stock of hardware, which inventories at $2500.

5. Sold A. S. Osborn for cash:

5 doz. Coal Hods at $7.50 — 10 doz. Hammers at $6

8. Sold A. L. Sanford on account:

12 doz. Door Knobs at 75¢ — 5 doz. Lanterns at $6
20 doz. Planes at $24

10. Paid A. W. Bates cash, for rent of the store for 1 mo., $60.

12. Paid Wetmore & Son cash, for office books, per bill, $22.50.

17. Paid A. H. Robbins cash, for office safe, $65.

18. Received of A. L. Sanford cash, to apply on account, $125.

19. Sold W. L. Hunter on account:

5 doz. Coal Hods at $8 — 6 doz. Door Knobs at $1
15 doz. Hammers at $6 — 10 Ice-cream Freezers at $2.50
5 doz. Lanterns at $6

20. Paid E. M. Chase & Son cash, to apply on account, $1000.

23. Received of W. L. Hunter cash, to apply on account, $150.

25. The Proprietor withdrew cash, for personal use, $50.

27. Gave E. M. Chase & Son a note at 10 da., to apply on account, $1000.

29. Received of A. L. Sanford his note at 10 da., to apply on account, $300.

30. Paid E. M. Chase & Son cash, to apply on account, $250.

30. Paid E. L. Harris, a clerk, cash for his salary, $25.

INVENTORIES, APRIL 30, 19—

Merchandise	~~$2055~~
Expense:	
Office Books and Stationery	$15
~~Office Safe~~	~~65~~ ~~$80~~

Allow ten lines for each account in the ledger.

In the resource and liability statement, bills receivable are *always a resource*, and bills payable, *always a liability*.

EXERCISE 34

CORRECTION OF ERRORS

The correction of errors in books of record is a matter of special importance. Even careful workers make occasional errors, but corrections can be made so that the neatness of the books and their legal value are not affected. When an error is made, consult the instructor before attempting to correct it. *Do not erase.*

If a journal entry is wrong, correct it as follows: Draw a *red* line through the wrong name, and then write the correct name either above or at the right of the correction, as follows:

	Cash	Received check for	102 50	
	~~E. May~~ Bills Rec.	note due today		102 50

If a journal entry is reversed, it may be corrected by writing, in *red ink*, *Cr.* after the debit item and *Dr.* after the credit item. Then post correctly.

	Cash—Cr.	Invoice of L. A.	176 20	
	Mdse.—Dr.	Bond, #3		176 20

If it is found that a wrong amount has been entered in the ledger, correct as follows:

1. Rule a *red* line through the wrong amount.
2. Write the correct amount in black ink just above the amount canceled.

Cash

19–				19–			
Sept.	1	1	5000 —	Sept.	2	1	450 —
							580 —
	5	1	750 —		9	1	~~508~~ —

If an amount has been entered on the wrong side of the ledger, correct it as follows:

1. Draw a *red* line through the amount that is wrong.
2. Enter the correct amount in black ink on the proper side of the ledger.

Cash

19–				19–			
May	1	1	5000 —	May	2	1	450 —
	9	1	546 —		9	1	~~546~~ —

NOTE. Sometimes a correction may be made by a *counter entry* in the journal. To illustrate: Suppose one had made this entry, *Mdse.*, Dr., *Cash*, Cr., and it was a wrong entry. It may be canceled as follows: *Cash*, Dr., *Mdse.*, Cr. As the wrong entry is thus disposed of, the correct entry may now be made.

FORMS OF STATEMENTS

Business and financial statements are made in many different forms, depending on the character and the volume of the business, and the facts that are to be set forth.

In a business under the control of one proprietor, a very simple statement may answer every requirement. In a partnership, when a number of persons are interested, a more complete setting forth of the facts of the business is necessary. In a corporation, organized under the laws of the state or the nation, the statements must show the results and the condition according to the demands of the authority under which the corporation is organized. In cities where many departments require separate accounting, still another form of statement may be demanded to set forth the facts that public business requires to be made known.

On pages 4 and 40 simple statement forms are presented. The first is recommended for the beginner.

As the student advances in the work of this text he will become familiar with other forms of statements.

THE SIX-COLUMN STATEMENT

The following script model represents a form of statement which affords condensed information regarding the results and the condition of the business. The first two columns are the trial balance. The inventories are recorded in the proper columns, either resource or liability, in *red ink*, to distinguish them from other resources and liabilities. After recording the inventories, each account in the trial balance should be extended into the column where it belongs. The footings show the various column totals, and the summary at the bottom sets forth the net gain and the present worth.

Six-column Statement, Jan. 31, 19–

P.	NAME OF ACCOUNT	DEBIT	CREDIT	LOSS	GAIN	RESOURCES	LIABILITIES
1	E. C. Miller	140	3250				
1	Expense	42 75		42 75			
2	Cash	3427 18	1623 94			1803 24	
2	Mdse.	2978 17	1842 13		10966	*1245 70	
3	H. M. Dow	487 20	310			177 20	
3	L. S. Martin	562 74	943 22				380 48
3	Interest	10 43	7 30	3 13			
4	J. C. Bush	210				210	
4	O. M. Cary		345				345
5	Bills Receivable	1004	307 13			696 87	
5	Bills Payable	1000	1233 75				233 75
		9862 47	9862 47	45 88	10966	4133 01	959 23
	E. C. M's Net Gain*			*63 78			
				10966	10966		
	E. C. M's Net Credit		3110				
	" " Gain		63 78				
	" Pres. Worth						3173 78
						4133 01	4133 01

* To be written in red ink.

SET I. RETAIL FUEL AND FEED BUSINESS

The **Object** of this set is to illustrate in a practical manner one of the simplest forms of bookkeeping. In the preceding illustrative work the student has recorded all transactions and entries on loose sheets of journal paper and ledger paper, but now he is given a set of bound books, in which all records will be made.

The **Books** used are the journal, the ledger, and the statement book. No business forms are handled, but different forms are illustrated, and entries are made directly from them.

Directions and Suggestions. In working out this set the student should observe the following:

1. For the introductory memorandum, refer to the model journal on page 2. Follow this model carefully.
2. In this beginning work it is well for the student to journalize the transactions first on a loose sheet of journal paper; after correction, this work may be copied into the bound journal. The posting should be directly to the ledger.
3. **A. M. Benton** is represented as the proprietor.
4. Use the same explanatory forms as in the model journal.
5. The books should be paged consecutively, 1, 2, 3, etc.
6. Take pains in all writing; make neat, small figures.

Price List for January

Article	Cost	Selling Price
Grate Coal	$6.10	$7.25
Stove Coal	$6.25	$7.50
Nut Coal	$6.20	$7.50
Hay	$10.50	$14.50

Memoranda of Transactions for January

Jan. 1. A. M. Benton, Buffalo, N.Y., began the Retail Fuel and Feed business, investing cash, $2750.

2. Paid Edward N. Shaw cash, for rent of the store for 1 mo., January, $30.

3. Bought office supplies as per bill on the following page:

Buffalo, N. Y. Jan. 3, 19—

Mr. A. M. Benton

26 Main St. City

To E. L. Martin & Co. Dr.

Terms Cash

		1000 Billheads	2	—		
		1 qt. Writing Fluid		75		
		Ledger 4$; Journal 3$	7	50		
		Statement Book	1	—	11	25
		Received payt. E. L. Martin & Co. per D.				

Debit *Expense* for the above bill.

A detailed statement of goods bought or sold is called either a *bill* or an *invoice*.

A detailed statement of goods bought to be used or consumed, or a statement of services rendered, is usually called a *bill*.

Thus, a physician's statement of services rendered, and the charges for the same, is called a *bill;* a statement of a quantity of silk bought or sold by a merchant is called either a *bill* or an *invoice*.

Jan. 4. Bought of Allen & Parker for cash:

50 T. Grate Coal — 35 T. Nut Coal
40 T. Stove Coal — 20 T. Hay

5. Sold John S. Adams for cash:

10 T. Grate Coal — 5 T. Hay

6. Sold A. M. Paterson on account:

15 T. Stove Coal — 10 T. Nut Coal

8. Sold John S. King for cash:

5 T. Grate Coal — 5 T. Hay

9. Sold Charles M. Gray on account:

10 T. Stove Coal — 10 T. Hay

Jan. 11. Bought of Henry A. Stevens on account:

15 T. Stove Coal 15 T. Hay

12. Received cash as shown by the following check:

Buffalo, N. Y. Jan. 12, 19— No. 14

Traders National Bank

Pay to the order of A. M. Benton $125.00

One Hundred Twenty-five 00/100 Dollars

A. M. Paterson

A **Check** is an order on a bank by a depositor for the payment of money.

13. Received the following note to apply on account:

$110.00 Buffalo, N. Y. Jan. 13, 19—

Ten days after date I promise to pay to the order of A. M. Benton

One Hundred Ten 00/100 Dollars

at his office, without interest

Value received

No. 10 Due 1/23 Charles M. Gray

15. Gave Henry A. Stevens a note at 10 da. to apply on account, $150

16. Bought of Johnson & Main for cash:

5 T. Nut Coal

17. The Proprietor withdrew cash for personal use, $50.

18. Gave the Monroe Typewriter Exchange cash for the following:

1 Typewriter, $50 1 Office Desk, $25

Debit *Expense* for this bill.

19. Received of A. M. Paterson his check for the balance of the invoice sold him on Jan. 6, $62.50.

20. Received of Charles M. Gray cash, to apply on account, $75.

20. Sold James W. Traver on account:

20 T. Grate Coal 12 T. Nut Coal

Jan. 22. Bought of Lane & Son merchandise, as shown by the following invoice:

Buffalo, N. Y., Jan. 22, 19—

Mr. A. M. Benton

26 Main St., City

To Lane & Son Dr.

Terms On account

20	T. Hay	10 T.	21	0		
10	T. Grate Coal	6 T.	6	1	27	1

23. Received of Charles M. Gray cash for his note which is due to-day, $110.

24. Received of James W. Traver his check, to apply on account, $100.

25. Gave Henry A. Stevens cash for a note which fell due to-day, $150.

26. Sold A. M. Paterson on account:

5 T. Hay 5 T. Grate Coal

27. Gave Henry A. Stevens cash, to apply on account, $50.

29. Gave Lane & Son a note at 10 da., to apply on account, $135.

31. Paid *Student* cash, for services to date, $20.

Pass the journal sheet to the instructor for correction and criticism; then copy carefully into the bound journal.

Below the last journal entry copy the following, using the form given on page 6.

INVENTORIES, JANUARY 31, 19—

Merchandise:

20 T. Grate Coal	$6.10	$122.	
30 T. Stove Coal	6.25	187.50	
18 T. Nut Coal	6.20	111.60	
30 T. Hay	10.50	315.	$736.10

The student should verify the merchandise inventory.

Expense:		
Typewriter	$50	
Office Desk	25	
Office Supplies	5	$80

Posting. Open accounts in the ledger, three on each page, in the following order: Proprietor, Cash, Expense, Merchandise.

After posting, foot the accounts having more than one item, in pencil, making very small figures. Recheck the posting.

Take a trial balance of the ledger, omitting all accounts that balance; record it in Blank No. 1, on the page indicated by the index.

* Make a Loss and Gain Statement.

* Make a Resource and Liability Statement.

Make a *proof* or *verification* of statement.

Record the statements and proof in Blank No. 1, on the page indicated by the index.

* **Closing the Ledger.** Open a *Loss and Gain* account; close the *Merchandise* and *Expense* accounts into the *Loss and Gain* account; close the *Loss and Gain* account into the *Proprietor's* account.

Balance the *Cash* account; take a trial balance.

Present all books to the instructor for approval.

* The statement forms and the journal method of closing the ledger, as illustrated in Appendix G, may be used at the option of the instructor.

EXERCISE 35

A Written Review

The following review exercises are suggested.

***a.* Journalizing.** Journalize orally or in writing each of the following transactions, and state the reason for each debit and each credit named.

1. You began business with the following investment: cash, $1500; merchandise, $1200.

When several resource items represent the proprietor's investment, each item is debited, under its appropriate name, and the proprietor is credited for the total.

The following is the correct entry for No. 1:

Cash	$1500	
Mdse.	1200	
Student		$2700

Note the explanation of this entry on page 46.

This is a compound entry; it may consist of any one of the following:

Several debits and one credit.

One debit and several credits.

Several debits and several credits.

2. Chas. E. Snyder began business with the following investment: cash, $1000; John A. Wilder's note, $950; merchandise, $1325.

3. Wm. A. Russell began business with the following resources: cash, $560; merchandise, $1975; H. H. Redding's note, $450; coal for use in store, on hand, $35.

The following is the correct entry for No. 3:

Cash	$560	
Mdse.	1975	
Bills Rec.	450	
Expense	35	
Wm. A. Russell		$3020

4. W. A. Lincoln began business with the following resources: cash, $1750; account against Freeman & Co., $350; merchandise, $1275; John G. Reed's note, $500.

5. You began business with the following resources: cash, $1000; Geo. O. Overman's note, $400; merchandise, $1500; account against Prince & Lane, $250.

6. Gave Geo. S. Ware your note at 60 da., to apply on account, $325.

7. Gave H. M. Marshall your note at 30 da., with interest, to apply on account, $450.

No entry is made for the interest until the note is paid.

8. Received of R. D. Record his note at 10 da., to apply on account, $176.

9. Received of Lyman & Son their note at 30 da., with interest, to apply on account, $275.

10. Received of Thomas & Co. cash for their note and interest; face of the note, $320; interest, $16.

The above is journalized as follows:

Cash	$336	
Bills Rec.		$320
Interest		16

Interest is debited when it costs something; it is credited when it produces something.

When the statement is made that we *pay interest*, we really mean that we *pay cash* for the interest.

11. Paid your note and interest in cash, in favor of W. D. Longman; face of the note, $275; interest, $12.

The above is journalized as follows:

Bills Pay.	$275	
Interest	12	
Cash		$287

12. Received of W. L. Clark cash, for his note due to-day, $187.50.

13. Received of Frank Likly cash for his note and interest; face of the note, $245; interest, $11.

14. Paid your note and interest in favor of James A. Boyce, in cash; face of the note, $160; interest, $7.50.

15. Paid your note in favor of Geo. K. Johnson, in cash, $300.

16. Received a check of H. A. Preston for his note, $452.50.

17. Paid your note in favor of H. D. Bryan, in cash, $275.

18. Received a check from A. S. Kemp for his note and interest; face of the note, $150; interest, $6.25.

19. Paid your note and interest in favor of A. R. Sharp, in cash; face of the note, $200; interest, $9.50.

20. Gave Robbins & Co. your note at 60 da., with interest, to apply on account, $500.

b. **Statements.** Make the two statements and the verification from the following trial balances. Observe these directions:

The bills receivable are a *resource.* The bills payable are a *liability.*

Interest, as an open ledger account, is always a loss or a gain item; if the balance is a *debit,* the account shows a *loss;* if the balance is a *credit,* the account shows a *gain.*

Date each statement Feb. 28, 19—.

No. 1

Student, Prop.		$5096.
Cash	$2443.	
Merchandise	952.50	200.50
Expense	100.	
Interest	12.25	8.50
James & Co.	397.50	
Bills Receivable	500.20	
Henry S. Willis	1011.	
John K. Searle	61.40	
A. L. Gracey		101.35
Bills Payable		172.
W. W. Hays	100.50	
	$5578.35	$5578.35
Inventories:		
Merchandise	$794.50	
Expense	76.50	

No. 2

Geo. M. Lee, Prop.		$1200.
H. K. Paine, Prop.		1200.
Cash	$1061.30	
Merchandise	2096.75	1723.50
Expense	110.50	
Wm. H. Lowney	125.30	
J. I. Percy	206.30	
Arden & Co.	215.15	
Jas. P. Hunter		116.25
Bills Payable		125.
Interest	15.85	16.40
Bills Receivable	550.	
	$4381.15	$4381.15
Inventories:		
Merchandise	$578.45	
Expense	67.20	

c. **Closing the Ledger.** On a loose sheet of ledger paper copy the following accounts; allow ten lines for each account.

I

Student, PROPRIETOR

19—						19—					
Jan.	10		2	125		Jan.	1		1	2550	

MERCHANDISE

19—						19—					
Jan.	5		1	516	20	Jan.	10		2	412	75
	12		2	78	40		17		3	310	25
	24		3	285	70						

EXPENSE

19—											
Jan.	3		2	35	50						
	22		3	25							

Inventories:

Merchandise	$275.20
Expense	22.50

Open a *Loss and Gain* account; close the ledger.

II

JAMES R. TURNER, PROPRIETOR

19—						19—					
Feb.	4		1	75		Feb.	1		1	2650	

MERCHANDISE

19—						19—					
Feb.	11		2	289	50	Feb.	13		2	609	20
	18		3	546	70		19		3	335	
	23		4	715	45		25		4	255	60
	27		5	100							

EXPENSE

19—											
Feb.	1		1	50							
	10		2	35							
	26		4	21	50						

INTEREST

19—						19—					
Feb.	12		3	12	10	Feb.	19		5	5	

Inventories:

Merchandise	$725.25
Expense	72.50

The model for closing the *Interest* account is on page 54.
Open a *Loss and Gain* account; close the ledger.

REVIEW QUESTIONS

1. What is a business transaction? 2. In how many ways does a business transaction affect the business? 3. Define merchandise. 4. B, a dry-goods merchant, bought 3 T. coal for heating his store. Should this purchase be recorded under merchandise? Why? What is the name of the purchase to the merchant who sold it? 5. Define cash. 6. Define expense. 7. Who is a debtor? a creditor? 8. Define debit; credit. 9. What is an account? 10. Name the two sides of an account. 11. What are personal accounts? 12. Define a negotiable promissory note. 13. What is meant by journalizing? 14. Define bookkeeping. 15. What is the object of bookkeeping? 16. Name the two methods of bookkeeping. 17. What is the purpose of the journal? 18. What is posting? 19. What is the purpose of the ledger? 20. What is a trial balance? From what is it taken? 21. What facts are set forth in the trial balance? 22. What is an inventory, and how is it found? 23. When is merchandise debited? when credited? 24. When is expense debited? 25. When are personal accounts debited? when credited? 26. When are bills receivable debited? when credited? 27. When are bills payable debited? when credited? 28. What is a gain? a loss? 29. What are resources or assets? liabilities? 30. Define net gain; net loss. 31. Define capital; insolvency. 32. Name the two general classes of accounts. 33. Name the class to which each of the following accounts belong: cash; merchandise; personal accounts; expense; interest; discount; bills receivable; bills payable. 34. On which side of the ledger are losses found? gains? resources? liabilities? 35. What is the object of making business and financial statements? 36. What is meant by closing an account? 37. When are resource and liability accounts closed in business? loss and gain accounts? 38. Explain the process of closing a loss and gain account. 39. The accounts showing loss and gain are closed into what account? 40. The loss and gain account is closed into what account? 41. How is the proprietor's account closed when there is a net gain? when there is a net loss? 42. Which side of the cash account must always be the larger when there is any difference? of the bills receivable account? of the bills payable account? 43. What is an entry? 44. What is the difference between interest and discount? 45. When is interest or discount debited? when credited? 46. When does a personal account show a resource? a liability?

SET II. WHOLESALE CARPET BUSINESS

This set is separate from Set I, but the character of the work is similar. The books used are the same as in Set I.

Directions and Suggestions. Observe the following directions:

1. First journalize on a loose sheet of journal paper.
2. **James R. Denison** is represented as the proprietor.

Selling Price List for February

Axminster	Brussels	Ingrain	Linoleum	Oilcloth	Wilton
$2.50	$1.35	75¢	60¢	30¢	$2.65

Memoranda of Transactions for February

Feb. 1. James R. Denison, Boston, Mass., began the Wholesale Carpet business with the following resources: cash, $500; merchandise, $2595.50; fixtures, $200; coal, for heating the store, $15; the note on page 52.

The following is the opening journal entry for this set:

February 1, 19–

James R. Denison began the Wholesale Carpet Business with the following resources:					
Cash	On hand	500	—		
Mdse.	In stock	2595	50		
Expense	Fixtures 200 Coal 15	215	—		
Bills Rec.	E. B. Jackson's note	300	—		
Jas. R. Denison	Total resources			3610	50

2. Paid Lee & Crane cash for the following expense items: stationery, $4.50; office books, $3.50.

3. Paid George R. Daniels cash, for rent of the store for 1 mo., February, $75.

4. Bought of W. B. Mason & Co., Philadelphia, on account, invoice of carpets amounting to $572.50.

5. Bought of A. R. Prescott & Co., New York, on account, invoice of carpets amounting to $612.95.

$300.00 Boston, Mass., Feb. 1, 19—

Ten days after date I promise to pay to the order of James R. Denison Three Hundred 00/100 Dollars at his office, with interest at 6%

Value received

No. 17 Due 2/11 Ernest B. Jackson

Feb. 6. Sold W. F. Pratt, Springfield, on account:

200 yd. Brussels 150 yd. Ingrain
100 yd. Axminster

6. Sold Jas. R. Holcomb, City, for cash:

100 yd. Oilcloth 40 yd. Axminster

9. Sold John W. King, City, on account:

40 yd. Oilcloth 16 yd. Linoleum
60 yd. Brussels

9. Sold M. F. Newbury, Providence, on account:

100 yd. Wilton 120 yd. Axminster

10. Remitted A. R. Prescott & Co. a note at 10 da., with interest at 6%, in full for the invoice of Feb. 5.

11. Received of Ernest B. Jackson cash for his note and interest due to-day; face of note, $300; interest, 50¢; total, $300.50.

12. Received of W. F. Pratt his note at 10 da., with interest at 6%, $250, and the balance of the invoice of Feb. 6 in cash.

13. Sold Geo. S. Rollins, City, for cash:

100 yd. Brussels 100 yd. Linoleum

15. Bought of A. R. Prescott & Co., New York, on account, invoice of carpets amounting to $172.50.

16. Sold W. F. Pratt, Springfield, on account:

40 yd. Ingrain 65 yd. Brussels
100 yd. Axminster

16. The Proprietor appropriated for his own use:

1 Rug 14′ × 18′, $40 1 Rug 16′ × 20′, $85

20. The First National Bank presented for payment the note in favor of A. R. Prescott & Co., due to-day. Paid the note and interest in cash; face of the note, $612.95; interest, $1.02; total, $613.97.

Feb. 20. Sold John A. Newton, City, for cash:

70 yd. Wilton

22. Received of W. F. Pratt cash for his note and interest due to-day; face of the note, $250; interest, 42¢; total, $250.42.

22. Bought of C. W. Allen & Co., City, for cash, an invoice of carpets amounting to $410.50.

23. Received the following check, to apply on account:

Boston, Mass, Feb. 23, 19— No. 16

Traders National Bank

Pay to the order of James R. Denison — $300.00

Three Hundred 00/100 ———— Dollars

M. F. Newbury

Under what name is this check entered?

As checks are used so commonly in business, a careful study of this form is commended.

25. Sold John W. King, City, the following (received cash, $65; balance on account):

50 yd. Ingrain 40 yd. Axminster

Make the following entry for this sale: Debit *King* and credit *Mdse.* for the whole bill; then debit *Cash* and credit *King* for the money received. Date each entry Feb. 25.

26. Received of John W. King his note at 30 da., with interest at 6%, for the amount of the invoice of Feb. 9.

26. Remitted W. B. Mason & Co. a note at 30 da., with interest at 6%, in full for the invoice of Feb. 4.

27. Sold Lewis & Parsons, City, for cash:

200 yd. Ingrain 50 yd. Linoleum

100 yd. Oilcloth

27. Paid *Student* for services to date, $40; paid A. M. Olcott for services to date, $30.

Pass the journal sheet to the instructor for approval; then copy into the regular journal, beginning on the page indicated by the index for Set II, in Blank No. 1.

Below the last journal entry copy the following:

INVENTORIES, FEBRUARY 28, 19—

Merchandise:	
Per schedule prepared by Denison	$2214.92
Expense:	
Fixtures on hand	$195.

Posting. Open accounts in your ledger, three on each page, in the same order as in Set I, beginning on the first full blank page.

Foot the accounts in pencil; recheck the posting.

Take a trial balance, omitting all accounts that balance; after approval, record it in Blank No. 1, on the page indicated by the index.

* Make the usual statements, and the verification; after approval, record them in Blank No. 1, on the page indicated by the index.

* **Closing the Ledger.** Open a *Loss and Gain* account; close the following accounts into it: *Merchandise*, *Expense*, *Interest*.

The model for closing the *Interest* account is given on this page.

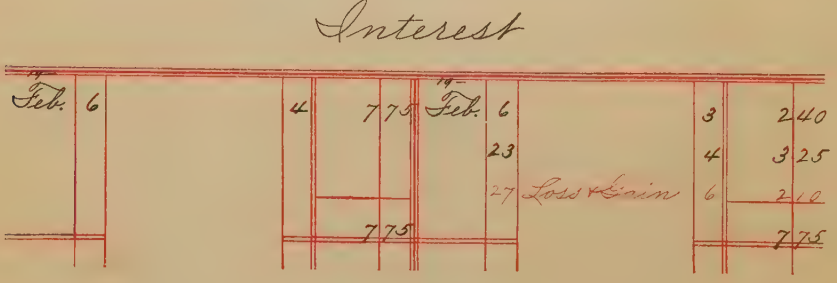
Close the *Loss and Gain* account into the *Proprietor's* account.

Close the *Cash* account by balance. Take a trial balance.

Present all books to the instructor for approval.

* The statement forms and the journal method of closing the ledger, as illustrated in Appendix G, may be used at the option of the instructor.

Model for closing Interest



EXERCISE 36

A WRITTEN REVIEW

The following review exercises are suggested:

a. **Statements.** Make the two statements and the verification from the following trial balances.

Date each statement March 31, 19—.

No. 1

Student, Prop.	$100.	$2450.
Expense	120.	
Cash	1876.25	1214.50
Merchandise	3354.75	1827.40
Chas. J. Hardy	365.	
Interest	8.35	13.75
Frederic & Co.		286.50
Martin & Son	235.20	
Geo. L. Grace		67.40
Bills Payable		325.
Bills Receivable	125.	
	$6184.55	$6184.55
Inventories:		
Merchandise	$1926.50	
Expense	77.50	

No. 2

George S. Mitchell, Prop.	$100.	$3400.
Expense	155.	
Merchandise	3875.50	2300.60
Cash	2364.35	
John F. Henry	308.20	
Maurice & Co.		215.50
James F. Hawkins	127.75	
Wm. H. Reeder		87.90
Interest	15.65	11.
Bills Payable		611.45
H. H. Wyatt		320.
	$6946.45	$6946.45
Inventories:		
Merchandise	$1729.55	
Expense	102.50	

***b.* Closing the Ledger.** On a loose sheet of ledger paper copy the following accounts; allow ten lines for each account.

I

Student, PROPRIETOR

19—						19—				
Mar.	11		1	150		Mar.	1		1	2650

MERCHANDISE

19—						19—					
Mar.	3		1	352	55	Mar.	8		1	560	25
	12		2	250	50		15		2	337	50
	19		3	425			23		4	211	20
	27		5	516							

EXPENSE

19—											
Mar.	2		2	42							
	11		3	35							
	30		5	18							

INTEREST

19—						19—					
Mar.	13		5	5	60	Mar.	18		6	7	80
	20		6	8	20		23		6	4	10

Inventories:

Merchandise	$625.75
Expense	45.

Open a *Loss and Gain* account; close the ledger.

II

JAMES S. CONE, PROPRIETOR

19—						19—					
Apr.	8		2	75		Apr.	1		1	3250	

MERCHANDISE

19—						19—					
Apr.	3		1	1256	20	Apr.	8		1	986	40
	10		2	835	70		12		3	632	70
	16		2	255	75		19		3	587	50
	25		4	490	50						

EXPENSE

19—													
Apr.	4			1	75	50							
	10			3	15	25							
	29			4	10	40							

INTEREST

19—							19—						
Apr.	11			5	11	75	Apr.	17			4	9	90
	14			6	5	25		24			5	15	25
	22			7	3	40							

Inventories:

Merchandise	$1070.80
Expense	62.50

Open a *Loss and Gain* account; close the ledger.

c. **Journalizing.** Journalize orally or in writing each of the following transactions and state the reason for each debit and each credit named.

1. You began business by investing cash, $1250; merchandise, $800; real estate, $1750.

Real Estate includes all land, and whatever legally belongs to the land.

2. James R. Durham began business with the following resources: merchandise, $975; cash, $850; account against George H. Sand, $250; Jas. L. Perrin's note, $550; real estate, $750.

3. Thos. Hardy gave you his note at 60 da., with interest, to apply on account, $400.

4. You gave A. H. Wheeler your note at 30 da., with interest, to apply on account, $300.

5. Bought merchandise of Lane & Gross amounting to $650. Gave them cash for one half the invoice; balance on account.

6. Sold James R. Mann merchandise amounting to $750. Received his check for one half the invoice; balance on account.

6. Paid your note in favor of Harry F. Meekins, in cash, $350.

8. Received a check from Thomas Harlan for his note due to-day, $100.

9. You gave Larned & Co. cash for your note and interest due to-day; face of the note, $235; interest, $10.50.

10. Received a check from J. A. Markham for his note and interest due to-day; face of the note, $425; interest, $21.

11. You withdrew from the business for personal use cash, $100.

12. Borrowed of T. K. Jones cash, $150, and gave him your note at 30 da.

13. Loaned A. H. Decker cash, $200, and received his note at 60 da.

LABOR-SAVING DEVICES: DIFFERENT BOOKS USED

It has been seen that all the transactions of a business may be recorded in a book called the *journal*. In business it is more convenient, simple, and effective to classify transactions as they occur; this is accomplished by using the following books:

The **Cashbook** contains a record of all receipts and all disbursements of cash. It is the *cash account* of the business, and when it is used no account with cash need be kept in the ledger. The left-hand page contains a record of all the cash debits (receipts), together with the names of the accounts to be *credited*, and a brief explanatory statement. The right-hand page contains a record of all the cash credits (payments), together with the names of the accounts to be debited, and a brief explanatory statement. The difference between the two sides of the cashbook should show the amount, *balance*, of cash on hand.

The **Sales Book** contains a record of all sales on account, and usually of all cash sales, except small retail sales for which no bills are rendered. The records consist of the names and the addresses of the purchasers, the terms, the items, the prices, and the amounts of the goods sold. At regular intervals the book is footed and closed.

The **Purchase Book** contains, usually, an abstract of all bills of merchandise bought. At regular intervals the book is footed and closed.

When the *cashbook*, the *sales book*, and the *purchase book* are used, only such transactions as do not affect these books are entered in the journal.

As a preliminary drill it will be found helpful to journalize on the blackboard each cash transaction and beside it make the cashbook entry. The same plan may be followed for both purchases and sales.

EXERCISE 37

SET E (MODEL SET). FLOUR AND GRAIN

On pages 63 to 67 is a complete model set, in script, in which the journal, the cashbook, the sales book, the purchase book, and the ledger have been used. This set was written from the following memoranda of transactions, but different prices were used in some instances.

Directions and Suggestions. Write the set from the memoranda of transactions following; be guided by frequent reference to the *model script set.*

1. Use a double sheet of journal paper, four pages, and a sheet of ledger paper, two pages.

2. On the upper half of page 1 of the journal sheet write the *journal*, and on the lower half the *purchase book;* on pages 2 and 3, the *cashbook;* on page 4, the *sales book.* On the portion of pages 2 and 3, below the cashbook, write the trial balance, the statements and the verification.

3. This set is *not* to be recorded in the bound books.

4. The entries will be the same as in the script model, but the amounts will differ in some transactions.

5. **A. B. Coates** is represented as the proprietor.

Memoranda of Transactions

March 1. A. B. Coates, Chicago, Ill., began the Grain and Produce business, investing cash, $1500.

Make a memorandum in the *journal;* enter the cash received by the business in the *cashbook.*

1. Paid G. H. Irving cash for rent of the store for 1 mo., $65.

1. Paid E. M. Snow cash for stationery, $6.

2. Bought of F. E. Rogers & Co., Peoria, on account, 30 da.:

500 bbl. Flour at $4

3. Bought of L. O. White & Co., City, for cash:

750 bu. Wheat at 61¢

Enter in the *purchase book,* placing a check mark (√) in the folio (page) column against the name of the firm; enter the cash paid on the right side of the cashbook and place a check mark in the folio column against the name of the firm. Neither entry need be posted.

If the ledger is designed to show just how much business is done with each firm of whom we buy or to whom we sell, then the items should not be checked, but postings should be made from both the purchase book and the cashbook.

When the check mark is used, as above, it means *do not post.*

Until otherwise instructed, all purchases for cash will be entered in the purchase book and the cashbook, and checked; all sales for cash will be entered in the sales book and the cashbook, and checked; neither will be posted to the ledger.

5. Sold D. E. French, Joliet, on account, 20 da.:

300 bbl. Flour at $4.75 150 bu. Wheat at 89¢

March 9. Bought of F. E. Rogers & Co., Peoria, on account, 30 da.:

1000 bu. Oats at 39¢

10. Sold P. Q. Reed, City, on account, 20 da.:

200 bu. Wheat at 89¢

11. Sold J. K. Loveless, City, for cash less 2%:

100 bbl. Flour at $4.85 200 bu. Oats at 50¢

Enter in the sales book and *check;* then enter in the cashbook and *check.*

Unless otherwise instructed, all cash purchases and all cash sales will be entered as already described.

15. Sold D. E. French, Joliet, on account, 20 da.:

500 bu. Oats at 55¢ 200 bu. Wheat at 89¢

20. Sold C. A. Wesp, City, for cash less 2%:

100 bbl. Flour at $4.95 300 bu. Oats at 53¢

23. Bought of M. N. Olson, City, on account, 3 da.:

1500 bu. Wheat at 63¢

25. Received of D. E. French his check in full for the invoice of March 5, $1558.50.

A check is regarded as cash; record the amount on the left side of the cashbook.

26. Gave M. N. Olson cash in full for the invoice of March 23.

27. Remitted F. E. Rogers & Co., a note at 10 da., with interest in full for the invoice of March 2.

30. Received cash of P. Q. Reed in full for the invoice of March 10.

31. Paid the bookkeeper, H. C. Ray, his monthly salary in cash, $40.

Balance the cashbook; follow the model script form.

Make the closing entry in the purchase book.

Make the closing entry in the sales book.

Post all the books to the ledger; allow ten lines for each account, as follows:

1. Post the journal in the usual way, writing *J* in the explanation column of the ledger to indicate the book from which it was posted.

2. Post the cashbook. The amounts on the debit (left) side should be posted to the credit of the ledger accounts named. The amounts on the credit (right) side should be posted to the debit of the ledger accounts named. Write *C* in the explanation column of the ledger. Write the page of the ledger in the folio column of the cashbook. Checked items must not be posted.

3. Post the sales book. Debit each personal account that is not already checked, and credit *merchandise* for the total sales, the footing. Write *S* for sales book in the explanation column of the ledger. Write the ledger page in the folio column of the sales book.

4. Post the purchase book. Credit each personal account that is not already checked, and debit *merchandise* for the total purchases, the footing. Write *P* for purchase book in the explanation column of the ledger. Write the ledger page in the folio column of the purchase book.

Recheck the posting; foot the ledger accounts.

Take a trial balance.

Remember that the balance of the cash in the cashbook must be carried to the trial balance, on the debit side.

Have the trial balance approved.

Pass all work to the instructor.

NOTE. If an additional exercise is required, use Exercise 22, Set C.

EXERCISE 38

SET F. COAL AND WOOD

Directions and Suggestions. This set is designed to give further drill in the use of the cashbook, the sales book, the purchase book, the journal, and the ledger.

1. Use loose sheets of journal paper and ledger paper.
2. This set is not to be recorded in the bound books.
3. Follow the directions given in the model script set.
4. *Student* is represented as the proprietor.

MEMORANDA OF TRANSACTIONS

April 1. Begin a Coal and Wood business, investing cash, $1750.

2. Rent a coal and wood depot of C. M. Estes, 17 Warren Street; give him a check for one month's rent, $75.

3. Buy of M. L. Travers for cash:

2 Work Horses, $130 each	1 Delivery Wagon, $100
1 set Double Harness, $35	1 Osgood Scales, $200

Debit *Expense* for the above items.

4. Buy of C. F. Osborn & Co., City, on account, 10 da.:

100 T. Egg Coal at $6	100 T. Grate Coal at $6.10

April 6. Buy of Stevens & Co., Pittsburgh, on account, 10 da.:

100 T. Stove Coal at $6.25 100 T. Nut Coal at $6.20
100 T. West Virginia Coke at $5

8. Buy of C. L. Smith, City, for cash:

10 cd. Maple Wood at $3.50 10 cd. Pine Wood at $4.50
10 cd. Body Hickory Wood at $5.50

9. Sell George H. Marshall, Homeville, on account:

50 T. Stove Coal at $7.50 50 T. Grate Coal at $7.25

11. Sell Gaylord & Son, City Point, on account:

50 T. West Virginia Coke at $6 50 T. Nut Coal at $7.50

12. Sell G. A. Collier, City, for cash less 2%:

50 T. Stove Coal at $7.50 10 cd. Maple Wood at $4.50
10 cd. Body Hickory Wood at $6.50

15. Pay C. F. Osborn & Co. cash, to apply on account, $500.

16. Receive of Gaylord & Son cash, to apply on account, $250.

17. Give Stevens & Co. a note at 30 da. with interest, to apply on account, $1000.

18. Withdraw cash for personal use, $100.

20. Receive of Gaylord & Son their check to balance account, $425.

25. Receive of George H. Marshall cash, to apply on account, $350.

27. Sell G. A. Collier, City, for cash less 2%:

10 cd. Pine Wood at $5.50 50 T. Grate Coal at $7.25

29. Pay Mary L. Pierce, the bookkeeper, her monthly salary in cash, $30; pay James Torrey, the teamster, his monthly salary, $30; E. L. Higgins for care of the horses, $16.50.

Debit *Expense* for the above items.

30. Make an additional investment in cash, $750.

INVENTORIES, APRIL 30, 19—

Merchandise:

50 T. Nut Coal at $6.50
100 T. Egg Coal at $6
50 T. West Virginia Coke at $4.75

Expense:

Horses, Wagons, and Harness at 1% below cost, $391.05
Osgood Scales at 1% below cost, $198

Set E. Journal

March 1, 19-

		A. B. Coates began a produce business this day at 728 Market St., investing cash $1500.00				
1	F. E. Rogers & Co.	27 Remitted them	2000	—		
1	Bills Pay.	a 10 da. note with interest in full for invoice of March			2000	—

Set E. Purchase Book

19- Mar. 2	1	F. E. Rogers & Co. Peoria 30 da.	2000	—		
3	✓	L. O. White & Co. City Cash	457	50		
9	1	F. E. Rogers & Co. Peoria 30 da.	390	—		
23	1	M. N. Olson City 3 da.	915	—		
					3762	50
31	1	Mdse. Dr.			3762	50

Set E

Cash Received

19								
Mar.	1	A. B. Coates	Investment	1500	—			
	11	✓ J. K. Loveless	Invoice S. B.	575	26			
	20	✓ C. A. Wesp	Invoice S. B.	636	02			
	25	1 D. E. French	Invoice Mar. 5	1558	50			
	30	1 P. L. Reed	Invoice Mar. 10	174	—	4443	78	
						4443	78	
Apr.	1	Balance	On hand			2960	28	

Set E

March 5, 19—

	1	D. E. French	Joliet				
		20 da.					
		300 bbl. Flour	4.75	1425	—		
		150 bu. Wheat	.89	133	50	1558	50
		10					
	1	P. L. Reed	City				
		On account					
		200 bu. Wheat	.87			174	—
		11					
	✓	J. K. Loveless	City				
		Cash, less 2%					
		100 bbl. Flour	4.85	485	—		
		200 bu. Oats	.51	102	—		
				587	—		
		Less 2%		11	74	575	26
		15					
	1	D. E. French	Joliet				
		20 da.					
		500 bu. Oats	.55	275	—		
		200 " Wheat	.87	174	—	449	—
		Forward				2756	76

Cashbook

Cash Paid

19–								
Mar.	1	Expense	Store rent, Mar.	65	—		
	1	Expense	E. M. Snow, stationery	6	—		
	3	✓ L. O. White & Co	Invoice P. B.	457	50		
	26	1 M. N. Olson	Invoice Mar. 23	915	—		
	31	1 Expense	Bookkeeper's salary	40	—	1483	50
	31	Balance *	On hand			2960	28
						4443	78

* This line to be written in red ink.

Sales Book

March 15, 19–

		Forward				2756	76
		20					
	✓	C. A. Wesp	City				
		Cash, less 2%					
		100 bbl. Flour	4.90	490	—		
		300 bu. Oats	.53	159	—		
				649	—		
		Less 2%		12	98	636	02
		31					
	1	Mdse. Cr.				3392	78

Trial Balance, Mar. 31, 19–

A. B. Coates		1500 —
F. E. Rogers & Co.		390 —
Bills Pay.		2000 —
D. E. French	449 —	
Expense	111 —	
Mdse.	369 72	
Cash	2960 28	
	3890 —	3890 —

Set E. Ledger

A. B. Coates

					19– Mar.	1	C.	2	1500	—

F. E. Rogers & Co.

19– Mar.	27	J.	1	2000	—	19– Mar.	2	P.	1	2000	—
							9	P.	1	390	—

Bills Payable

						19– Mar.	27	J.	1	2000	—

D. E. French

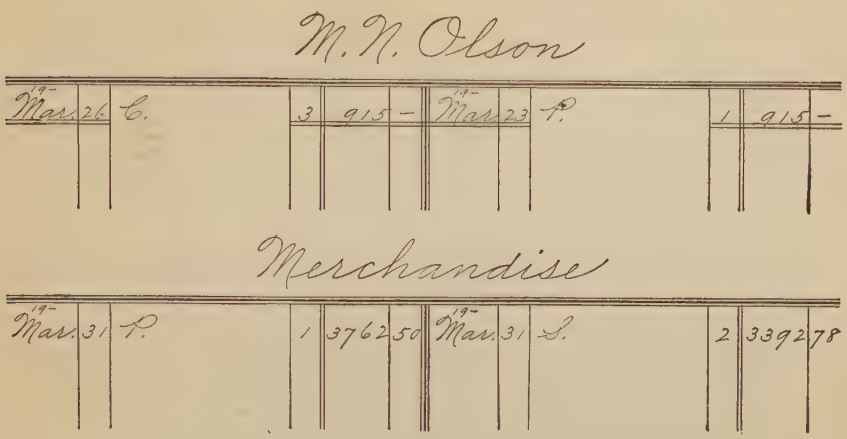
19– Mar.	5	S.	2	1558	50	19– Mar.	25	C.	2	1558	50
	15	S.	2	449	—						

P. L. Reed

19– Mar.	10	S.	2	174	—	19– Mar.	30	C.	2	174	—

Expense

19– Mar.	1	C.	3	65	—						
	1	C.	3	6	—						
	31	C.	3	40	—						



Close all the books.

Post to the ledger; allow ten lines for each account.

Take a trial balance. Make the statements and the verification.

Close the ledger; take a trial balance.

Pass all work to the instructor.

INTRODUCTION TO BUSINESS PRACTICE

THE BANK ACCOUNT

A **Bank,** primarily, is an institution chartered by the state or the national government, to deal in credits and to provide for the safe-keeping of money.

A **Commercial Bank** renders important and diversified services to business men, among which are the following:

1. It grants credit to business men who wish to borrow money.

2. It is a safe place to keep money, securities, and valuables.

3. It facilitates the payment of money by allowing deposits to be drawn out on an order called a *check.* It does away with the necessity of sending money from one place to another.

4. It is especially helpful to business men in making collections, such as notes, checks, and drafts.

A person opens an account with a commercial bank by being identified if he is not known to the bank. After identification he writes his name in a *signature book* or on a *signature card.* He then makes out a deposit ticket for all items deposited, as cash, checks, etc. The bank furnishes deposit tickets and a check book, a book of blank checks and stubs, without charge.

The **Signature Card** gives such information as the bank may require concerning the depositor, but the most important is the depositor's signature. Any paper presented at the bank bearing the depositor's name admits of identification by reference to the signature card.

A plain, neat signature is most difficult to imitate. One should always write *his name in exactly the same form.*

The following shows a signature card properly filled out:

AUTHORIZED SIGNATURE OF

John E. McDermot

For the HAMPDEN NATIONAL BANK of Westfield, Mass.

Address 49 Elm St.

Business Whip Manufacturer

Date Sept. 14, 19—

Deposit tickets are not uniform in arrangement. The following illustration shows how the items of a deposit may be classified for the convenience of the bank which receives them. The stars show the totals. The whole deposit is summarized at the bottom of the ticket.

These tickets are commonly made up on an adding machine; a duplicate copy may be made for the file of the depositor. The file of these duplicates is valuable for reference.

The deposit ticket and the items for deposit should be handed to the *receiving teller*, the official who generally receives all money and all deposits passed to the bank. He examines the deposit, and if everything is found to be correct, he enters it in a book called a **Pass Book.**

The pass book is returned to the depositor by the teller and serves as a receipt for the money deposited in the bank; it should always accompany a deposit. Under no circumstances should the depositor make an entry in his pass book.

DEPOSITED WITH

CONTINENTAL NATIONAL BANK OF CHICAGO

FOR ACCOUNT OF

HORACE A. WELLMAN

September 19, 191

CHECKS ON OTHER CHICAGO BANKS			CHECKS ON THIS BANK			CHECKS AND DRAFTS ON OTHER TOWNS AND CITIES		
	Dollars	Cents		Dollars	Cents		Dollars	Cents
	25	32		16	20		7	18
	46	28		8	14		11	02
	103	00					36	24
	174	60	*	24	34	*	54	44
						TOTAL CHICAGO	174	60
						TOTAL ON THIS BANK	24	34
						" " OUTSIDE	54	44
						CURRENCY	160	00
						SILVER	30	70
						GOLD		
						GRAND TOTAL	444	08
						LESS EXCHANGE		30
							443	78

Herewith is given another form of a deposit ticket and a method of keeping a duplicate of it. On the ticket, in addition to the currency items, each check is listed by giving the name of the city on which it is drawn, for the convenience of the bank which receives the deposit.

Reverse Stub of the Check Book

19–				
Jan.	7	Deposit:		
		Bills	90–	
		Silver	10 75	
		Checks:		
		A. C. Wood	420–	
		Elmer Lee	105 50	
		D. C. Jones	1052 30	1678 55

The reverse, or left, stub of the check book shows a duplicate of the deposit ticket, and each check is listed under the name of the maker, for the convenience of the depositor.

This form is convenient for recording a deposit of a limited number of items, but when a lengthy deposit ticket is made up, the plan given on page 69 is more convenient, as a large number of items could not be recorded on the reverse stub of an ordinary check book.

When the depositor wishes to withdraw money from the bank, he writes an order called a **Check.**

A **Check Book** is a book of blank checks furnished to the depositor by the bank. It consists usually of two parts, the stubs and the checks. The stub contains a memorandum of the check and is valuable for reference after the check has been detached, and for comparison when the check is returned, canceled.

The illustration on page 71 shows one page of a check book, both the checks and the stubs having been filled out. The checks may be totaled and the amount carried forward to the top of the next page.

Deposit Ticket

THE UNION BANK

DEPOSITED BY

W. B. Gray & Co.

Boston, Mass., Jan. 7, 19–

Please list each check separately

Bills	90	–
Gold		
Silver	10	75
Checks Boston	420	–
Erie, Pa.	105	50
Hartford, Conn.	1052	30
	1678	55

The proof of cash is necessary at stated times, and in proving cash the check book must be depended on to show the condition of the bank account. By keeping a total of the checks drawn and a total of the deposits made, the balance shown by the check book may be readily ascertained at any time.

No. 1
Date Jan. 5, 19—
To Jas. L. Benson
For on acct.
Amount, $ 135 60

No. 2
Date Jan. 7, 19—
To N. F. Thompson
For on acct.
Amount, $ 275 80
Forward 411 40

Minneapolis, Minn., Jan. 5, 19— No. 1

The Union Bank

Pay to the order of James L. Benson — $135 60/100
One Hundred Thirty-five 60/100 — Dollars
Charles H. Jones

Minneapolis, Minn., Jan. 5, 19— No. 2

The Union Bank

Pay to the order of N. F. Thompson — $275 80/100
Two Hundred Seventy-five 80/100 — Dollars
Charles H. Jones

The deposits may be recorded on the reverse, or left, stub, an illustration of which is given on page 70. The deposits may be carried forward on the reverse stub, and then the balance shown by the check book may be readily found by finding the difference between the total deposits and the total checks.

Page 71 is an illustration of a common form of check book. It shows the transactions of a depositor, Charles H. Jones, with The Union Bank for two consecutive days.

Notice the manner of filling out the check, the important items of the check reproduced on the stub, the total after the second check has been written, and the amount of the two checks carried *forward*.

Great care should be taken in the writing of each check. There should be no erasures of any kind in the check book.

The first figure in the amount of a check should be written close to the dollar sign; an amount in figures should be written as follows: $\$15\frac{40}{}$. The first word in writing the amount should begin at the head of the line, and cents should be expressed as a fraction of a dollar, as 25/100; any other space on this line should be filled in with a waved or broken line.

It should be borne in mind that there are manifold ways of keeping a check book. The method outlined herewith is a simple one and well serves the need of the student in his work in business practice.

The **Left,** or **Reverse, Stub** may be used for recording any memoranda that the depositor deems important.

Deposits should be entered in the pass book by the teller of the bank at the time the deposit is made. If at any time a deposit is made without the pass book, a duplicate deposit ticket should be obtained by the depositor.

Different banks use different methods for keeping records in a pass book. All deposits may be entered in it; at the end of the month the checks are totaled on an adding machine, the amount carried to the pass book, and the balance shown.

However, it is more common, at least in large banks, to record deposits in a pass book, and at the end of each month all deposits and all checks, itemized or in total, are entered on a slip or on an envelope, and the balance shown as a monthly statement. This statement, together with all canceled checks, is given to the depositor and constitutes a statement of his dealings with the bank for a given month.

In this text, in business practice, all deposits will be entered in the pass book at the time they are made.

In the package of business forms, an envelope is provided for each month on which a monthly statement of the bank account should be made. Upon this envelope the student's name should be written, and as checks are drawn they may be filed in it.

The UNION BANK

STATEMENT OF ACCOUNT

Name James A. Dawson

DATE		CHECKS		DATE		DEPOSITS	
Mar.	9	200 —		Balance			
	12	75 —		Mar.	4	2000 —	
	17	117	50		16	200 —	
	19	50 —			31	550	25
	22	8	75				
	23	22	50				
	25	10 —					
	26	116	20				
	29	49	40				
	30	2	80				
	31	31	25				
				TOTALS: DEPOSITS		2750	25
				CHECKS		683	40
TOTAL		683	40	BALANCE		2066	85

At the end of a month a statement of the student's bank account should be made on the outside of this envelope, recording simply all deposits and all checks, as shown in the above illustration, and the balance.

The deposits in the pass book may be totaled and the checks, in total, subtracted therefrom, thus showing the balance in the pass book.

Place all the checks in the envelope. This constitutes a complete monthly statement of the student's bank account.

EXERCISE 39

TRANSACTIONS WITH A BANK

Make the following blank forms: rule lengthwise two sheets of paper about 5 × 8 inches; rule two checks, two stubs, and the reverse stub on each sheet. This represents a page of a check book and the reverse stub. Follow the models given on page 71.

Under date of March 1, enter on the reverse stub of the sheet just ruled a deposit of $1500.

Under date of March 9, write a check for $250, in favor of Henry S. Lee, No. 1. Fill out the stub first and then write the check.

Under date of March 13, enter a deposit of $150.

Under date of March 16, write a check for $137.50, in favor of Wm. G. Howe, No. 2. Remember to fill out the stub first.

Forward the total deposits to the reverse stub, and the total checks to the regular stub, on sheet number two.

Under date of March 19, write a check for $100, in favor of E. T. Perry.

Under date of March 23, enter a deposit of $75.

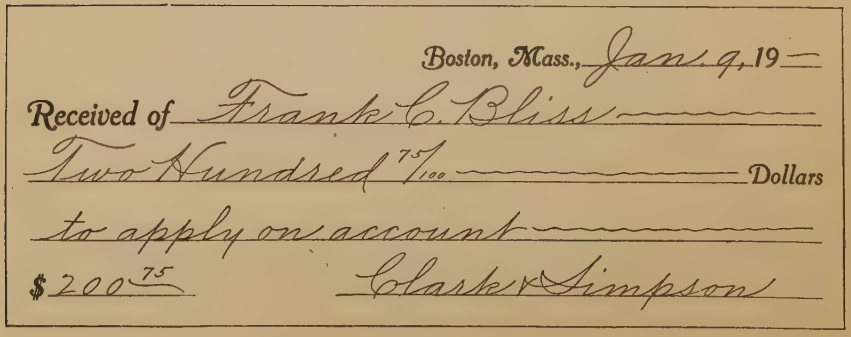
Under date of March 30, write a check for $28.40, in favor of Amos H. Wells.

What balance now remains in the bank?

This exercise may be continued at the discretion of the instructor.

EXERCISE 40

BUSINESS FORMS



The Receipt. Study the model receipt, page 74, in every detail. Write the following receipts on slips of paper properly ruled:

S. T. Wade owes you $56.75, and pays the whole amount.

The receipt bears these words: *in full of account.*

R. O. Warner owes you $120.50, and pays you $75.

The receipt bears these words: *to apply on account.*

You owe John Wheeler $102.50, and pay it all.

You owe J. H. Leaman $62.50, and pay him $35.

Near the bottom of page 19 is an open ledger account with J. A. Lyons. Write the receipt that he should give you, assuming that you pay the account in full.

The Invoice. This *model* shows how an invoice should be made out when goods are bought or sold. The terms are *on account*, 60 da., therefore it is not receipted.

New York, June 1, 19—

Messrs. Clark & Smith

Springfield, Mass.

To Endicott & Bush Dr.

Terms 60 da.

	2	casks T. Prunes	78.75	157	50		
	10	bags P. Tapioca	7.12½	71	25		
	5	" S. Pepper	18	90	—		
	5	bbl. P.R. Molasses	16.66⅔	83	33	402	08

In this invoice who is the buyer? the seller? What is meant by *terms 60 da.*?

Note that the dollar sign is not used in writing either the prices or the extensions on an invoice.

This model invoice is receipted because the terms are *cash*.

Boston, Mass., Aug. 25, 19—

Mr. Chas. N. Parmelee

City

To Edgar Townsend Dr.

Terms Cash, less 1½ %

5	bx. E. Soap	3.75	18	75		
2	ch. Y. H. Tea	38.25	76	50		
5	bbl. O. Salt	.95	4	75		
2	" G. Sugar	15.50	31	69		
			131	69		
	Less 1½ %		1	98	129	71
	Rec'd payment					
	Edgar Townsend					

Study these model invoices in every detail, then rule two sheets of paper according to the model, and write the following invoices. Do your best work, — good writing and neat, legible figures.

Turn to Set I, page 42, and write the invoices under the dates of Jan. 4 and 9.

Turn to Set II, page 52, and write the invoices under the dates of Feb. 6 and 9.

Filing Invoices. For convenience in handling, invoices may be folded lengthwise with the printed matter outward.

The manner of folding the invoice (noted above) is not imperative. The invoice may be folded lengthwise, the printed matter within; on the left end write the name of the seller, the amount in figures, and the date.

For the student's work in business practice the first method is recommended.

After the invoices are folded a rubber band may be placed around them, and then they are in a convenient form for handling. The filing should be in the order of the dates.

These suggestions are simply for the students in the classroom.

The Promissory Note. Study all the details of the following model note:

1200^{65} Boston, Mass., Jan. 16, 19—

Thirty days after date I promise to pay to the order of Morgan, Taylor & Co.

Twelve Hundred $^{65}/_{100}$ Dollars

at Winthrop National Bank

Value received

No. 12 Due Feb. 15 Henry W. Sherman

Who is the maker of this note? the payee? Does it draw interest? When is the maturity of the note? Who holds this note *before* maturity? After it is paid who will hold it? Why is this called a *promissory* note?

Write the following notes on slips of paper. Use the current date.

1. Gave Henry A. Morton your note, at 60 da., with interest, payable at the First National Bank, $250.

2. Received of Henry S. Mercer his note, at 30 da., payable at The Union Bank, $128.50.

3. Gave Wilson & Brown your note, at 2 mo., payable at your office, $175.20.

4. Received of A. D. Rose & Son their note, at 1 mo., with interest, payable at their office, $200.

The Purchase Book. The following model represents a purchase book, — a book in which all purchases may be recorded.

Model Purchase Book

INV. NO.	DATE	NAMES AND ADDRESSES	TERMS	AMOUNT		P
1	Jan. 1	S. D. Minnick, Albany, N.Y.	30 da.	642	84	
2	Jan. 20	C. R. Fenn, Boston, Mass.	60 da. 2% 10 da.	500	—	
3	Feb. 4	J. M. Kane, Brooklyn, N.Y.	Cash, 1%	640	50	✓
		Mdse. Dr.		1783	34	

Various books are designed for recording purchases, but the illustration given on page 77 shows the general plan of any book that may be used for this purpose. In the more advanced portion of this work an *invoice book* will be introduced.

The posting of this book is explained on page 61.

Daily Cash Proof. In the following sets the student will use representative money in carrying out his business transactions. At the close of *each* day's business cash should be proved.

DAILY CASH PROOF

Name J. B. Brown

Date Jan. 15, 19-

Cash received per cashbook, total	5760.40
Cash paid per cashbook, total	1300.00
Balance per cashbook	4460.40
Cash on hand per cash drawer	400.00
Cash in bank per check book	4060.40
Total	4460.40

How to prove cash:

1. The left side of the cashbook shows all cash received.
2. The right side of the cashbook shows all cash paid out.
3. The difference shows the amount of cash the business has on hand.
4. The money in the cash drawer added to the amount in the bank should equal the difference shown by the cashbook.
5. If no bank account is kept, the cash in the drawer should equal the difference shown by the cashbook.
6. If all money is in the bank, the true bank balance should equal the balance shown by the cashbook.

It is suggested that the above form of proof be used.

EXERCISE 41

THE TRIAL BALANCE

Thus far all trial balances have been made by taking the footings of the debit and the credit items of each account, omitting all accounts that balanced. It is a common practice for bookkeepers to take a trial balance by using the *balance* of each account. This form of trial balance is illustrated herewith.

Refer to the *model trial balance*, page 4; compare it with the following trial balance:

Trial Balance, January 31, 19—

James Wilson			2000	
Cash	1123	60		
Expense	50			
Mdse.	926	40		
D. Simons	100			
O. Lane			200	
	2200		2200	

To find Errors in the Trial Balance. If the debit and the credit items are not equal, that is, do not balance, observe the following suggestions in tracing the error:

1. Go over all additions, both in the trial balance and in the ledger.

2. Find the exact amount of the error; if *ten* or some *power of ten*, the error is usually in addition.

3. If the amount of the error is exactly the same as some amount in the journal, the trouble is likely to be with that amount.

4. Divide the amount of the error in the trial balance by 2, and look for an amount corresponding to this result. If a debit item has been posted to the credit, it will cause an error equal to twice the amount of the item thus posted.

5. If the amount of the error is divisible by 9, the error is probably the result of the transposition of figures.

6. If necessary, recheck the posting to determine if that work was done correctly. (This manner of rechecking is described on page 19.) Rechecking involves a great deal of extra work; it should be undertaken only as a last expedient.

A trial balance that balances is not absolute proof that the ledger is correct. If a credit of *Merchandise* was posted to the credit of *Cash*, it would not affect the trial balance.

SET III. GRAIN AND SEED BUSINESS

WORK FOR MARCH

The **Object** of this set is to give systematic drill in elementary business practice. *Student* is represented as the proprietor. Business forms are used, and all transactions in cash admit the handling of currency. An account is kept with the bank, deposits are made and checks are drawn. This set covers a period of two months, March and April, the books being closed at the end of each month.

The **Books** used in this set are the journal, the cashbook, the sales book, the purchase book, the statement book, and the ledger.

All business forms handled are either **Incoming Papers** or **Outgoing Papers.** Incoming papers are those received from others; outgoing papers are those given to others. Incoming papers will be received and recorded by the student as in business, and he will issue and record all outgoing papers as in business.

Different selling price lists may be used if desired.

Twenty-five selling price lists are provided for this set. When the instructor gives the student the necessary blank forms he should assign him a price list. *Any one of the selling price lists may be used in connection with the buying price list.*

Selling Price Lists

ARTICLE	1	2	3	4	5	6	7	8	9	10	11
Clover Seed . .	3.70	3.65	3.80	3.75	4.00	3.88	3.68	3.73	3.79	3.71	3.78
Dwarf Beans . .	4.20	4.30	4.15	4.25	4.15	4.38	4.33	4.38	4.44	4.21	4.43
Field Corn . .	.48	.50	.48	.48	.46	.66	.53	.58	.64	.49	.63
Garden Corn . .	1.90	1.95	1.90	1.80	1.80	2.08	1.98	2.03	2.09	1.91	2.08
Millet, Common .	.98	1.05	.95	.98	.90	1.16	1.08	1.13	1.19	.99	1.18
Oats	.34	.37	.33	.38	.40	.52	.40	.45	.51	.35	.50
Spring Rye . .	1.10	1.16	1.06	1.15	1.05	1.28	1.19	1.24	1.30	1.11	1.29
Timothy Seed .	2.40	2.50	2.40	2.50	2.65	2.58	2.53	2.58	2.64	2.41	2.63
Wheat	.90	.96	.90	1.00	1.00	1.08	.99	1.04	1.10	.91	1.09

After a price list has been assigned, copy it for ready reference. Ask the instructor for *Business Forms, No. 1*, and then proceed to write Set III.

Directions and Suggestions. This set may be written in any of the following ways:

1. Simply record the transactions as in the preceding sets.

2. In addition to recording the transactions, all business forms may be used.

3. In addition to recording the transactions, using the forms, etc., all the business called for may be done, such business to be transacted according to the directions of the instructor.

The memoranda and all directions are given, so that complete business practice may be used if desired.

4. Prove the cash at the close of each day. (See model, page 78.)

5. If the tablet of Incoming Business Forms is not used, make out the forms on page 82 and file them in the envelope for *Incoming Papers*, before beginning Set III, and use them instead of the tablet.

Unless otherwise instructed, keep the cashbook on a loose sheet of journal paper and copy at the close of the month. All other work may be recorded directly in the required books.

Incoming Business Forms for March

These incoming forms are included in the text for the following reasons:

1. All material in any given set is included in the text proper.

2. The student is able to make a study of the work of the set before attempting to write it; this is especially important.

3. By having all matter included in the text, extended and varied reviews are made possible.

for March and April

12	13	14	15	16	17	18	19	20	21	22	23	24	25
3.80	3.80	3.84	3.76	3.89	3.69	3.74	3.81	3.72	3.82	3.81	3.83	3.85	3.77
4.30	4.45	4.34	4.26	4.39	4.34	4.39	4.46	4.22	4.47	4.31	4.48	4.35	4.27
.58	.65	.62	.54	.67	.54	.59	.66	.50	.67	.59	.68	.63	.55
2.00	2.10	2.04	1.96	2.09	1.99	2.04	2.11	1.92	2.12	2.01	2.13	2.05	1.97
1.08	1.20	1.12	1.04	1.17	1.09	1.14	1.21	1.00	1.22	1.09	1.23	1.13	1.05
.44	.52	.48	.40	.53	.41	.46	.53	.36	.54	.45	.55	.49	.41
1.20	1.31	1.24	1.16	1.29	1.20	1.25	1.32	1.12	1.33	1.21	1.34	1.25	1.17
2.50	2.65	2.54	2.46	2.59	2.54	2.59	2.66	2.42	2.67	2.51	2.68	2.55	2.47
1.00	1.11	1.04	.96	1.09	1.00	1.05	1.12	.92	1.13	1.01	1.14	1.05	.97

A tablet, separate from the text, containing all the incoming business forms, is available for use with this set when business practice is used.

All incoming checks are drawn on Traders National Bank.

If business practice is not used, the tablet of incoming forms and the package of blank business forms will not be needed.

In Set III all merchandise is to be bought at the following prices, per bushel:

Clover Seed	Dwarf Beans	Field Corn	Garden Corn	Millet, Common
$3.50	$4	44¢	$1.75	90¢

Oats	Spring Rye	Timothy Seed	Wheat
30¢	$1	$2.25	80¢

Form 1. Invoice of E. C. Ferry, City, March 2. Terms: cash.

50 bu. Clover Seed — 100 bu. Field Corn
100 bu. Oats

Form 2. Invoice of S. D. Welch, City, March 5. Terms: on account.

20 bu. Dwarf Beans — 40 bu. Garden Corn
100 bu. Millet — 100 bu. Wheat

Form 3. Receipt of Amos Graves, March 7, in your favor, for rent of the store for March, $35.

Form 4. Bill of David Ross for office books and stationery, March 8.

Office Books, $8.50 — Stationery, $4

Form 5. Invoice of Henry Bruce, City, March 10. Terms: on account.

100 bu. Spring Rye — 50 bu. Timothy Seed

Form 6. Bill of I. N. Moss, City, for 2 T. coal at $5.20, March 11. Terms: cash.

Form 7. Bill of A. C. Webb, City, for office safe, $75, March 12. Terms: cash.

Form 8. Invoice of Haynes & Co., City, March 14. Terms: on account.

30 bu. Dwarf Beans — 100 bu. Spring Rye
200 bu. Field Corn — 200 bu. Wheat
100 bu. Millet

Form 9. Check of Boyd & Co., City, for $200, in your favor, March 23.

Form 10. Invoice of S. D. Welch, City, March 24. Terms: on account.

10 bu. Dwarf Beans — 100 bu. Millet
100 bu. Field Corn — 100 bu. Oats
20 bu. Garden Corn

Form 11. Invoice of Henry Bruce, City, March 25. Terms: on account.

100 bu. Spring Rye — 200 bu. Wheat

Form 12. Note of Jesse Watson, City, for $180, in your favor, at 30 da., with interest, March 29.

Form 13. Check of John Wells, City, for $100, in your favor, March 29.

Form 14. Check of Oscar Wilson, City, for $242, in your favor, March 31.

Memoranda of Transactions for March

March 1. Begin the Grain and Seed business, investing cash, $2400.

Place the above memorandum in the journal, *but make no journal entry.* Make the proper entry in the cashbook. Receive the currency from the instructor and put it in the *Business Cash* envelope.

1. You have entered into an agreement with Amos Graves for the rental of his store, at 120 Main Street, at $35 per month.

No entry is required. A memorandum of this agreement may be made and filed with the incoming papers.

2. Buy of E. C. Ferry, City, for cash, merchandise as per invoice, Form 1.

Remove this invoice from the tablet of Incoming Papers. Note the extensions and the addition.

In business, the goods received are compared with the invoice, and if found to be correct, check marks are placed at the *left*, as shown in the following script illustration; then the extensions and the addition are verified and checked as shown at the *right*.

Verify the extensions and the addition.

Make the proper entries in the cashbook and the purchase book. These items should be checked in each. The check mark means *do not post.*

In the purchase book write the name, the address, the terms, and the amount on *one* line.

Pay for the invoice.

Fold the invoice once lengthwise, face outward, and place it in the *Paid Bills* envelope.

Omaha, Nebr., Mar. 2, 19—

Mr. George A. Harris

120 Main St., City

To E. C. Ferry Dr.

Terms Cash

✓50	bus. Clover Seed	3.50	175	—	✓	
✓100	" Field Corn	.44	44	—	✓	
✓100	" Oats	.30	30	—	✓	249 — ✓

March 3. Sell John Williams, City, for cash, at the prices given herewith:

20 bu. Clover Seed at $3.70 50 bu. Field Corn at 48¢
40 bu. Oats at 34¢

Make out an invoice and receipt it. If correct in every detail, record it in the sales book and the cashbook, and check in each. Do not put any check marks on any bill of goods that you *sell.* Receive the cash and place it in the *Business Cash* envelope.

Pass the bill to the office, or dispose of it according to directions received.

Take great pains in counting all cash.

4. Deposit in The Union Bank cash, $2000.

Read pages 68 and 70 for instructions.

Make out a deposit ticket. Record the amount in the check book, on the reverse stub.

Place the currency and the deposit ticket in the pass book, and hand it to the bank.

5. Buy of S. D. Welch, City, on account, merchandise as per invoice, Form 2.

Remove the invoice from the tablet. Check the extensions and the footing.

Record it in the purchase book. Fold and place it in the *Unpaid Bills* envelope. Do not receipt this invoice. Why?

6. Sell John Wells, City, on account:

5 bu. Dwarf Beans 20 bu. Garden Corn
50 bu. Millet

Write the invoice, but do not receipt it. Why? Use the selling prices of the list assigned to you. Record in the sales book. Refer to the model, page 64. Dispose of the invoice according to directions received.

7. Pay Amos Graves cash, for rent of the store for March, $35, Form 3.

Remove this receipt. Make the entry in the cashbook. Pay the money. Place the receipt in the *Paid Bills* envelope.

8. Pay David Ross cash, for office books and stationery, $12.50, Form 4.

Examine and check the bill. If correct, pay it. Make the entry in the cashbook. Fold the bill and file it in the *Paid Bills* envelope.

9. Give S. D. Welch your check, to apply on account, $200.

Fill out the stub in the check book, No. 1. (See model check book, page 71.) Write the check and detach it. Make the entry in the cashbook.

A receipt need not be taken when an amount is paid by check, as the canceled check will be returned as a receipt. However, a receipt may be taken if desired.

In the package of business forms there is an envelope for keeping a record of your dealings with the bank for one month.

If the checks are passed to an office, this envelope should be left at the office. The form and the use of this envelope are illustrated and explained on page 73. Place the student's name on the envelope. As checks are received, they may be filed therein.

If the checks are kept by the student at his desk, he may keep the envelope and do this work himself.

March 10. Buy of Henry Bruce, City, on account, merchandise as per invoice, Form 5.

Remove this invoice from the tablet. Examine and check as previously instructed. Enter in the purchase book. Fold and file the invoice.

11. Pay the bill of I. N. Moss in cash for 2 T. coal at $5.20, Form 6.

Remove the bill from the tablet. Examine and check it. If correct, pay it.

12. Pay the bill of A. C. Webb by check, for office safe, $75, Form 7.

Remove the bill from the tablet. Total the two checks and carry the amount forward to the top of the next regular stub.

13. Receive of John Wells cash, to apply on account, $100.

Write a receipt in favor of John Wells and receive the currency. Make the cashbook entry. Place the money in the *Business Cash* envelope.

14. Buy of Haynes & Co., City, on account, merchandise as per invoice, Form 8.

Examine and check the invoice, and then proceed as usual.

15. Sell Boyd & Co., City, on account:

100 bu. Field Corn	50 bu. Spring Rye
100 bu. Millet	10 bu. Dwarf Beans

Write the invoice and record it in the sales book.

16. Deposit currency, $200.

Make out the deposit ticket. Record it in the check book, on the reverse stub. The total of the deposits may now be carried forward to the top of the next reverse stub.

Place the currency and the ticket in the pass book and hand it to the bank.

17. Pay Henry Bruce by check, to apply on account, $112.50.

Write the check and make the entry in the cashbook. How do you dispose of the check?

18. Sell Howard Young, City, on account, at the prices given herewith:

20 bu. Clover Seed at $3.65 10 bu. Timothy Seed at $2.50

Write the invoice and record it.

19. Sell Jesse Watson, City, on account, at the price given herewith:

200 bu. Wheat at 90¢

March 20. Withdraw cash, for personal use, $50.

Take $50 in currency from the *Business Cash* envelope and place it in the envelope for *Personal Cash.* Make the entry on the *right* side of the cashbook. Under what *name* will you enter it?

23. Receive of Boyd & Co. their check, on account, $200, Form 9.

Remove the check and enter it in the cashbook. Place the check in the *Business Cash* envelope.

23. Pay Haynes & Co. by check, to apply on account, $500.

Write the check and make the entry.

24. Buy of S. D. Welch, City, on account, merchandise as per invoice, Form 10.

Examine and check it.

25. Buy of Henry Bruce, City, on account, merchandise as per invoice, Form 11.

26. Sell John Wells, City, on account:

50 bu. Spring Rye	150 bu. Wheat

27. Give S. D. Welch your note at 8 da., to apply on account, $100.

Write the note, payable at *my office.* The note which you write will be similar to the script form given herewith. The signature will be *your name.*

$100.00 Nashville, Tenn., Mar. 27, 19—

Eight days after date I promise to pay to

the order of S. D. Welch

One Hundred 00/100 Dollars

at my office

Value received

No. 1 Due 4/4 Henry L. James

Make the entry in the journal. Dispose of the note according to directions received.

28. Sell Boyd & Co., City, on account:

100 bu. Wheat	10 bu. Clover Seed
5 bu. Dwarf Beans	10 bu. Garden Corn

Write the invoice. What record is made?

29. Receive of Jesse Watson his note at 30 da., in full of account, Form 12.

Remove the note from the tablet. Make the journal entry. Place the note in the *Unpaid Bills* envelope.

March 29. Receive of John Wells his check, on account, $100, Form 13.

Remove the check and enter it in the cashbook. Place the check in the *Business Cash* envelope.

31. Sell Oscar Wilson, City, for cash, at the prices given herewith, receiving in payment his check, Form 14.

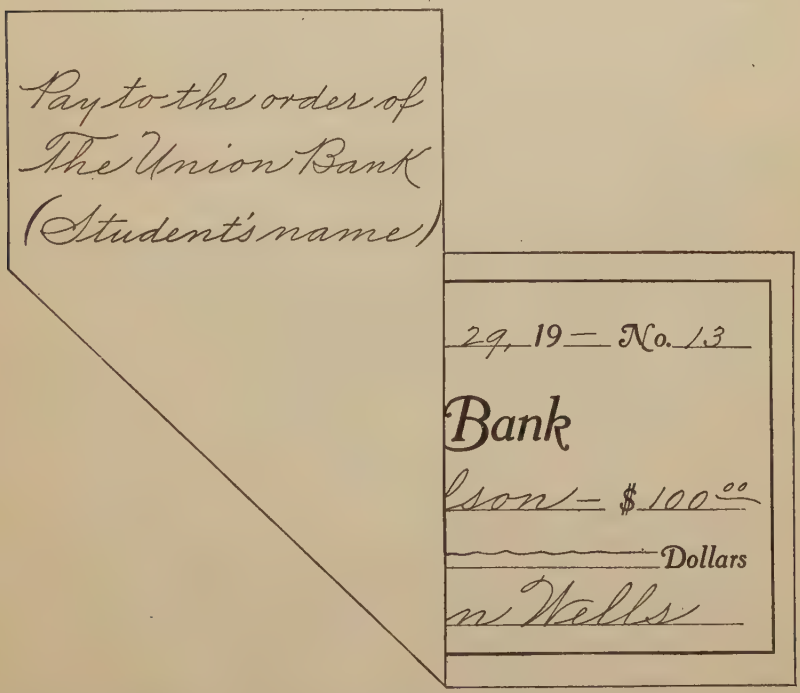
50 bu. Field Corn at 48¢	100 bu. Oats at 34¢
10 bu. Garden Corn at $1.90	150 bu. Spring Rye at $1.10

Write the invoice and receipt it. Record it in the sales book and the cashbook, and check the item in each. Remove the check and place it in the *Business Cash* envelope.

31. Deposit the three checks and all the currency on hand.

Take the currency and the checks from the *Business Cash* envelope; count the currency and make out the deposit ticket.

Indorse each check, as shown in the following illustration:



The *full indorsement*, shown in the accompanying illustration, is the one most commonly used in business, and some banks and the clearing houses insist that this form must be used.

The *blank indorsement* is simply the writing of one's name on the back of the paper. (See page 90.)

Place the currency and the checks in the pass book and hand it to the bank. Examine the pass book to see that all is entered correctly.

March 31. Give Henry T. Dale, your clerk, a check for his salary, $30.

Write the check and record it.

At this point the monthly bank statement should be made.

If the deposits and the checks have been passed to an office, these instructions should be followed by the one in charge of that work; if not, the student may make the statement himself. Proceed as follows:

Enter all deposits and all checks on the outside of the bank envelope, in which the checks have been filed from day to day. Refer to page 73 for illustrations. Total both the deposits and the checks and find the balance. Place the checks in the envelope.

Total the deposits in the pass book, subtract the total checks therefrom, enter the balance, rule and foot. Bring the balance down under April 1.

Before closing the books, hand them to the instructor for inspection and approval.

Record the following in the journal, in the usual form, at the cost price.

INVENTORIES, MARCH 31, 19—

Merchandise:

40 bu. Dwarf Beans	60 bu. Oats
200 bu. Field Corn	50 bu. Spring Rye
20 bu. Garden Corn	40 bu. Timothy Seed
150 bu. Millet	50 bu. Wheat

Expense:

Office Safe	$75.	
Office Books	8.	
Office Supplies	2.75	
Coal	6.40	$92.15

CLOSING THE WORK FOR MARCH

Close each of the following: the cashbook, the sales book, and the purchase book. Refer to pages 63 to 65.

Post the books to the ledger, three accounts to the page, as follows:

1. Post the journal, writing *J* in the explanatory column of the ledger.
2. Post the cashbook, writing *C* in the explanatory column of the ledger.
3. Post the sales book, writing *S* in the explanatory column of the ledger.

4. Post the purchase book, writing *P* in the explanatory column of the ledger.

Foot the ledger accounts.

Take a trial balance, using only the balance of each account. (See page 79.) Do not forget the balance of cash from the cashbook.

Have the trial balance approved; record it in Blank No. 1, on the page indicated by the index.

* Make the two statements and the verification; after approval, record them in Blank No. 1, on the page indicated by the index.

* Close the ledger. Take a second trial balance.

Submit all work to the instructor for approval.

When the monthly statement of your bank account has been completed, compare each check with the stub in the check book; if they agree, put a large check mark on the stub. This shows that the check issued has been returned canceled.

Does the balance of your monthly bank statement agree with the balance shown in your check book? Place the canceled checks in the *Paid Bills* envelope.

* The statement forms and the journal method of closing the ledger, as illustrated in Appendix G, may be used at the option of the instructor.

EXERCISE 42

A Written Review

The following review exercises are suggested:

a. Journalize orally or in writing each transaction in March.

b. Use trial balances 1 and 2, page 28. Make the two statements, using $25 for the expense inventory in each statement.

c. Use Exercise 31, I and II, pages 33 and 34, for closing the ledger.

INDORSEMENTS

An **Indorsement** is the writing of one's name on the back of commercial paper with the intent to transfer the title or to assume legal responsibility for its payment.

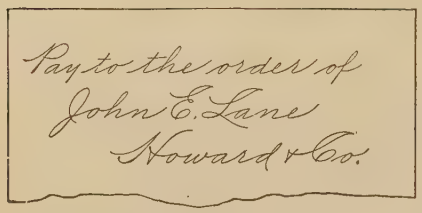
Sometimes a payment of interest, or a partial payment of the face, is recorded on the back of an instrument.

The **Object** of indorsement is to effect a transfer of the title, or to make the indorser conditionally liable for payment, or both.

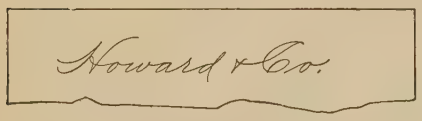
Indorsements are made by using a rubber stamp or by writing.

The indorsements most commonly used are the *special* or *full*, the *blank*, the *qualified*, and the *restrictive*.

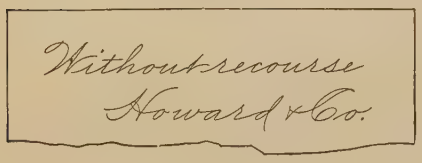
Special



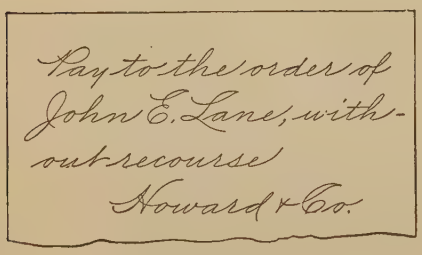
Blank



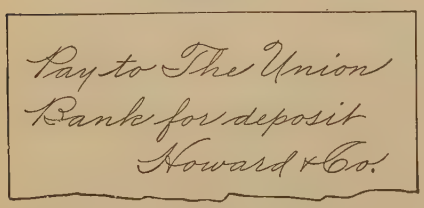
Qualified



or



Restrictive



A special indorsement names the indorsee; the instrument could not again be negotiated without the indorsee's indorsement.

A blank indorsement names no indorsee. Any holder may, however, convert this into a special indorsement by writing "Pay to (*his name*) or order" above the blank indorsement.

A qualified indorsement simply passes the title without rendering the indorser liable. In form, this indorsement may be either in blank or special.

A restrictive indorsement constitutes the indorsee an agent of the indorser, usually for the collection of the paper.

This form of indorsement is not commended by banks and clearing houses.

Note the indorsement on page 87. All commercial paper offered for deposit at a bank must be indorsed, and the special indorsement is most commonly used.

This form is a protection to the lawful holder because the payee is named, and payment will be made only on his order, by indorsement.

If a check or a note bearing a special indorsement is lost or stolen, it is valueless to such a holder.

When one has a check cashed at the bank, the blank indorsement may be used, as the check will be canceled as soon as cashed.

As the qualified indorsement relieves the indorser of responsibility for payment, commercial paper bearing this indorsement should be accepted with great caution.

SET III. GRAIN AND SEED BUSINESS

WORK FOR APRIL

The memoranda following are a continuation of the memoranda for March. No new principles are introduced, and the familiar business forms are used. As such full and explicit instructions were given in March, much explanatory matter will be omitted in April. If anything is not understood, refer to a similar transaction in the preceding month.

Directions and Suggestions. The following general directions should be observed:

1. Use the same price list, the same books, etc., as in March.

2. Begin a new page in the journal. In the sales book leave a space of three lines, then write the first sale in April under the last sale in March.

3. The balance brought down from the March cashbook, under April 1, is to be reckoned with the cash receipts in April. Use a new envelope for the bank account. Record the balance at the head of the deposit column.

Incoming Business Forms for April

Form 15. Invoice of Henry Bruce, City, April 6. Terms: on account.

50 bu. Clover Seed — 300 bu. Oats
50 bu. Garden Corn — 100 bu. Millet

Form 16. Invoice of S. D. Welch, City, April 9. Terms: on account

200 bu. Field Corn — 100 bu. Spring Rye
200 bu. Wheat

Form 17. Invoice of C. V. Cronin, City, April 11. Terms: cash.

50 bu. Timothy Seed

Form 18. Note of Boyd & Co., City, for $100, in your favor, at 10 da., April 14.

Form 19. Check of Howard Young, City, for $145, in your favor, April 15.

Form 20. Check of Boyd & Co., City, for $165, in your favor, April 23.

Form 21. Check of Boyd & Co., City, for $100, in your favor, April 24.

Form 22. Invoice of Smith & Bowers, City, April 25. Terms: cash.

20 bu. Dwarf Beans — 200 bu. Field Corn
50 bu. Garden Corn

Form 23. Check of Jesse Watson, City, for $175, in your favor, April 27.
Form 24. Check of Jesse Watson, City, for $180.90, in your favor, April 28.
Form 25. Check of Howard Young, City, for $90, in your favor, April 29.

Memoranda of Transactions for April

April 1. Give Amos Graves your check for the rent of the store for April, $35.

1. Give Henry Bruce your check in full of account.

Turn to Henry Bruce's account in the ledger and find the balance of his account; write the check for this amount.

3. Receive of Howard Young cash, in full of account, $98.

Turn to Howard Young's account in the ledger and verify the balance. Write the receipt and get the money. Enter it in the cashbook.

4. The note in favor of S. D. Welch falls due to-day; pay it by check.

Write the check. Pass it in and receive the canceled note. The note will be canceled by writing across the face, *Paid April 4, 19—*. Make the entry in the cashbook. What account is debited in the cashbook? Place the canceled note in the *Paid Bills* envelope.

6. Buy of Henry Bruce, City, on account, merchandise as per invoice, Form 15.

Remove the invoice from the tablet and proceed as usual.

7. Sell Howard Young, City, on account, at the prices given herewith:

100 bu. Field Corn at 48¢ 50 bu. Millet at 98¢
20 bu. Timothy Seed at $2.40

9. Give S. D. Welch your check, to apply on account, $200.

9. Buy of S. D. Welch, City, on account, merchandise as per invoice, Form 16.

10. Sell Boyd & Co., City, on account:

30 bu. Garden Corn 20 bu. Clover Seed
100 bu. Oats

11. Buy of C. V. Cronin, City, for cash, merchandise as per invoice, Form 17.

Check the invoice; if it is correct, write a check in payment.

12. Sell P. H. Morse, City:

20 bu. Timothy Seed 100 bu. Field Corn
100 bu. Wheat

Receive cash, $125; balance on account.

Write the bill. Terms: cash, $125; balance on account. Enter the entire bill in the sales book, and the cash received in the cashbook as a receipt *on account*. Neither entry should be checked. Why? Record the amount of the cash on the bill and receive the money.

April 13. Receive of Boyd & Co. their note at 10 da., to apply on account, $100, Form 18.

Place the note in the *Unpaid Bills* envelope.

13. Give Henry Bruce your note at 30 da., to apply on account, $200, payable at *his office*.

15. Sell Jesse Watson, City, on account:

20 bu. Dwarf Beans	50 bu. Spring Rye
50 bu. Millet	10 bu. Timothy Seed

15. Receive of Howard Young his check for invoice of April 7, $145, Form 19.

17. Deposit the check and all currency on hand except $25.

18. Give S. D. Welch your check in full for the invoice of April 9, $348.

Verify the amount by referring to the purchase book.

19. Sell Howard Young, City, on account, at the price given herewith:

100 bu. Wheat at 90¢

20. Sell F. G. Morgan, City, for cash, at the prices named herewith:

10 bu. Clover Seed at $3.70 10 bu. Timothy Seed at $2.40

Write a receipted bill and enter it in the sales book and the cashbook; check the item in each. Pass in the bill and receive the currency.

21. Sell Boyd & Co., City, on account:

30 bu. Timothy Seed	20 bu. Garden Corn
50 bu. Millet	40 bu. Spring Rye

22. Sell John Wells, City, on account:

200 bu. Oats 50 bu. Millet

100 bu. Field Corn

23. Receive of Boyd & Co., their check, to apply on account, $165, Form 20.

23. Receive of Boyd & Co. their check in payment of their note due to-day, $100, Form 21.

Enter the amount of the check in the cashbook. Under what name? Cancel the note and pass it in.

April 24. Deposit the two checks and all currency on hand.

Indorse the checks.

25. Buy of Smith & Bowers, City, for cash, merchandise as per invoice, Form 22.

Examine and check the invoice; if correct, pay it by check. Enter in the purchase book and the cashbook, checking the item in each.

26. Sell Johnson & Pease, City, for cash, at the prices named herewith:

10 bu. Dwarf Beans at $4.20 100 bu. Field Corn at 48¢
25 bu. Garden Corn at $1.90

After entering the invoice in the required books, receipt it, pass it in, and receive the currency.

27. Receive of Jesse Watson his check, to apply on account, $175, Form 23.

28. Prepay your note in favor of Henry Bruce by check. Face of the note, $200; discount, 50¢; amount of the check, $199.50.

This note has 15 da. to run, and the interest on $200 for 15 da. is 50¢. Write the check. Enter it in the cashbook as follows: on the right side debit *Bills Payable* for $200; on the left side credit *Interest* for 50¢. Hand in the check and receive the note. Across the face of the note write, *Paid April 28, 19—*. Place the canceled note in the *Paid Bills* envelope.

Interest and discount are practically synonymous terms, interest is paid, usually, at the maturity of a loan, and discount is allowed before such maturity. For this reason all discount items will be entered as Interest.

Study this transaction until it is understood. The discount and the prepayment of notes are common business transactions.

28. Receive of Jesse Watson his check for note and interest due to-day, Form 24. Face of the note, $180; interest, 90¢.

What two entries are made in the cashbook? Cancel the note and pass it in.

29. Receive of Howard Young his check for the invoice of April 19, Form 25.

30. Give Henry T. Dale, your clerk, a check for his salary, $30.

30. Deposit the checks and all currency on hand.

Indorse the checks.

30. Withdraw by check the balance on deposit in The Union Bank.

This withdrawal is made as a matter of convenience in closing the set. The amount of the check is for the *balance* in the bank. Make the check payable to *Self* and pass it in. No entry is required.

Proceed with your bank account as you did at the close of March.

Before closing the books hand them to the instructor for inspection and approval.

Record the following in the journal, in the usual form, at the cost price:

INVENTORIES, APRIL 30, 19—

Merchandise:

30 bu. Dwarf Beans		50 bu. Millet	
20 bu. Clover Seed		60 bu. Oats	
200 bu. Field Corn		60 bu. Spring Rye	
45 bu. Garden Corn		50 bu. Wheat	

Expense:

Office Safe	$75.	
Office Books	7.50	$82.50

CLOSING THE WORK FOR APRIL

After looking over the closing of each book in March, close the cashbook, the sales book, and the purchase book.

The careful bookkeeper checks his work *at every step*. Check all additions before writing the results in ink. A simple way to **check addition** is to add the columns in reverse order. If the results agree, the work may be assumed to be correct.

Post the books to the ledger. Post to the same accounts as in March. If any new accounts are to be added, allow one third of a page for each.

Foot the ledger accounts.

Take a trial balance; after approval, record it in Blank No. 1, on the page indicated by the index.

* Make the two statements and the verification; after approval, record them in Blank No. 1, on the page indicated by the index.

* Close the ledger. Take a second trial balance.

Submit all work to the instructor for approval.

When your monthly bank statement has been completed, compare each check with the stub in the check book. If they agree, check the stub.

Place all canceled checks in the *Paid Bills* envelope.

* The statement forms and the journal method of closing the ledger, as illustrated in Appendix G, may be used at the option of the instructor.

EXERCISE 43

A WRITTEN REVIEW

The following review exercises are suggested:

1. Journalize orally or in writing each transaction in April.

2. Use trial balances 3 and 4, page 28. Make the two statements, and the verification for each; use $30 for the expense inventory in each.

3. Write from memory on blank paper, cut to the proper size, the following business forms:

a. A Receipted Bill. Jan. 17, C. H. Palmer, Trenton, N.J., bought of *Student* for cash, less 3%: 25 doz. table knives at $7.50, 15 doz. nail hammers at $9, 25 doz. safety locks at $4.50.

b. A Promissory Note. Jan. 20, *Student* gave James B. Stevens a 60-da. interest-bearing promissory note payable at First National Bank. Face of the note, $125.

c. A Receipt. Jan. 22, Frank H. Jackson paid *Student* $127.85 in full for invoice of Jan. 12.

d. A Check. Jan. 25, *Student* gave William E. Hitchcock a check on Commonwealth Trust Company for $200.

EXERCISE 44

INTEREST AND DISCOUNT

The rate of interest allowed by law is called the **Legal Rate.** Persons may agree to pay less than this rate, but not more, unless a higher rate by special agreement is permitted by statute. If an agreement for the payment of interest specifies no rate, the legal rate in the state where the contract is signed will be understood.

In the **Commercial World** 12 mo. of 30 da. each — 360 da. — are reckoned as 1 yr. In bank discount the exact number of days is used.

Throughout the business practice employed in this text the rate will be 6%, based on the commercial year of 360 da.

This method is not exact, but it is the most common because the most convenient. It has been legalized by statute in some states and is generally used in all the states.

A great variety of methods is employed to compute interest and discount, but it is suggested that the student use the *day method*, as follows: Point off to the left three decimal places in the principal, multiply by the number of days, and then divide by 6. Cancel when possible.

Example. What is the interest on $146.50 for 50 da. at 6%?

Solution. $.1465 \times 50 = 7.325$.

$7.325 \div 6 = 1.22$, or $1.22, the required interest.

When a man borrows money at a bank, he not infrequently pays the interest in advance; when he sells a note to a bank, he allows discount to the bank, and such allowance is called **Bank Discount.**

The **maturity** of negotiable paper is determined as follows: When the time is expressed in months, **calendar months** are used to fix the date of maturity; but when the time is expressed in days, the **exact number of days** is used.

To illustrate: A note dated Jan. 28, 29, 30, or 31, at 1 mo., will mature on Feb. 28 (leap years excepted); but a note with any of the dates just noted at 30 da. will mature on Feb. 27, 28, March 1, or 2, respectively.

The **Term of Discount** is the time from the date of discount to the *maturity* of the note. Banks differ as to method in finding the *term*, but in this text *the exact number of days will be used uniformly.*

EXERCISE 45

INTEREST AND DISCOUNT ENTRIES

This exercise is not a set, but a series of illustrations. It may be used first as an oral exercise.

Use a sheet of journal paper for the cashbook, and enter the following transactions; balance and rule the cashbook.

May 1. *Student* begins business and invests cash, $1600.

2. Give Henry A. Dunton a check for your note, which falls due to-day, $172.50.

4. Receive a check from Henry A. Gray for his note, which is due to-day, $235.20.

6. Pay your note and interest, due to-day, in favor of H. H. James, in cash. Face of the note, $325; interest, $11.50.

8. Receive of Hale & Son their check for their note and interest, due to-day. Face of the note, $220.35; interest, $7.75.

9. Discount at The Union Bank W. K. Marsh's note. Face of the note, $300; discount allowed for 45 da.

What entry is made on the left side of the cashbook? on the right side?

12. Prepay your note in favor of Geo. R. Cushing. Face of the note, $400; discount allowed for 30 da.

20. Receive a check from Johnson & Co. for their note, due to-day. Face of the note, $256.25.

24. Prepay your note in favor of E. R. Sterling. Face of the note, $222.40; discount allowed for 60 da.

26. Discount at First National Bank T. T. Munger's note. Face of the note, $257.80; discount allowed for 60 da.

30. Make an additional investment in the business in cash, $500.

EXERCISE 46

COMPOUND ENTRIES

The **Compound Entry** is explained on page 46. Refer to that explanation before proceeding with this exercise.

A **Simple Entry** consists of one debit and one credit.

Several of the preceding interest and discount entries are here used as illustrations of compound entries; they will serve for reference in subsequent work.

Journalize Exercise 45.

The making of these entries in both the cashbook and the journal will make the debits and the credits clearer in each transaction.

May 6.	Bills Pay.	$325.		*May 8.*	Cash	$228.10	
	Interest	11.50			Bills Rec.		$220.35
	Cash		$336.50		Interest		7.75
May 9.	Cash	$297.75		*May 12.*	Bills Pay.	$400.	
	Interest	2.25			Cash		$398.
	Bills Rec.		$300.		Interest		2.

Selling Price Lists

ARTICLE AND QUANTITY	1	2	3	4	5	6	7	8	9	10	11
Carpenter's Chisels, ½-in., doz. .	4.75	5.00	5.00	5.00	5.10	4.96	5.01	5.06	5.11	5.16	4.76
Coal Hods, doz. .	9.00	10.00	9.00	9.00	9.30	9.21	9.26	9.31	9.36	9.41	9.01
Copying Presses, each	8.00	7.50	8.00	8.25	8.20	8.21	8.26	8.31	8.36	8.41	8.01
Door Knobs, doz.	1.00	1.20	1.10	1.10	1.05	1.21	1.26	1.31	1.36	1.41	1.01
Grindstones, each	5.00	6.00	5.00	5.25	5.20	5.21	5.26	5.31	5.36	5.41	5.01
Hammers, doz. .	8.00	9.00	8.00	8.20	8.60	8.21	8.26	8.31	8.36	8.41	8.01
Handsaws, doz. .	21.00	22.50	21.50	22.00	22.75	21.21	21.26	21.31	21.36	21.41	21.01
Ice-cream Freezers, each . .	3.25	3.20	3.30	3.10	3.30	3.46	3.51	3.56	3.61	3.66	3.26
Knives and Forks, set	1.60	1.50	1.75	1.70	1.65	1.81	1.86	1.91	1.96	2.01	1.61
Lanterns, doz. .	7.50	8.00	7.80	8.00	7.75	7.71	7.76	7.81	7.86	7.91	7.51
Mortise Locks, doz.	6.00	6.80	6.25	6.20	6.35	6.21	6.26	6.31	6.36	6.41	6.01
Nails, 8d, wire, keg	4.00	4.25	4.25	4.20	4.20	4.21	4.26	4.31	4.36	4.41	4.01
Planes, #4, doz. .	30.00	32.00	30.00	29.00	31.00	30.21	30.26	30.31	30.36	30.41	30.01
Railroad Picks, 9-lb., doz. . .	13.00	12.00	15.00	12.50	14.25	13.21	13.26	13.31	13.36	13.41	13.01
Steelyards, doz. .	16.00	17.50	18.00	16.25	15.80	16.21	16.26	16.31	16.36	16.41	16.01
Steel Axes, doz. .	12.00	12.50	13.00	12.25	12.50	12.21	12.26	12.31	12.36	12.41	12.01
Try-squares, 6-in., doz.	6.00	7.00	6.30	6.50	6.20	6.21	6.26	6.31	6.36	6.41	6.01

SET IV. GENERAL HARDWARE BUSINESS

WORK FOR MAY

The **Object** of this set is to continue the work of Set III and to give more extended business practice. A partnership is introduced.

Directions and Suggestions. Observe these general directions:

1. The same bound books are used as in Set III.
2. *Student* and James A. Hart are represented as proprietors.
3. The firm name is to be *Student* & Hart.
4. *Student* will keep the books and manage the business.
5. Begin a new page in the cashbook, the journal, the check book, and the sales book.
6. Unless otherwise stated, *all payments* are to be made *by check.* Use a new envelope for the bank account.

Different selling price lists may be used if the instructor so desires. The following table provides twenty-five such lists:

for May and June

12	13	14	15	16	17	18	19	20	21	22	23	24	25
4.80	4.84	4.88	4.92	4.97	5.02	5.07	5.12	5.17	4.77	4.81	4.85	4.89	4.93
9.05	9.09	9.13	9.17	9.22	9.27	9.32	9.37	9.42	9.02	9.06	9.10	9.14	9.18
8.05	8.09	8.13	8.17	8.22	8.27	8.32	8.37	8.42	8.02	8.06	8.10	8.14	8.18
1.05	1.09	1.13	1.17	1.22	1.27	1.32	1.37	1.42	1.02	1.06	1.10	1.14	1.18
5.05	5.09	5.13	5.17	5.22	5.27	5.32	5.37	5.42	5.02	5.06	5.10	5.14	5.18
8.05	8.09	8.13	8.17	8.22	8.27	8.32	8.37	8.42	8.02	8.06	8.10	8.14	8.18
21.05	21.09	21.13	21.17	21.22	21.27	21.32	21.37	21.42	21.02	21.06	21.10	21.14	21.18
3.30	3.34	3.38	3.42	3.47	3.52	3.57	3.62	3.67	3.27	3.31	3.35	3.39	3.43
1.65	1.69	1.73	1.77	1.82	1.87	1.92	1.97	2.02	1.62	1.66	1.70	1.74	1.78
7.55	7.59	7.63	7.67	7.72	7.77	7.82	7.87	7.92	7.52	7.56	7.60	7.64	7.68
6.05	6.09	6.13	6.17	6.22	6.27	6.32	6.37	6.42	6.02	6.06	6.10	6.14	6.18
4.05	4.09	4.13	4.17	4.22	4.27	4.32	4.37	4.42	4.02	4.06	4.10	4.14	4.18
30.05	30.09	30.13	30.17	30.22	30.27	30.32	30.37	30.42	30.02	30.06	30.10	30.14	30.18
13.05	13.09	13.13	13.17	13.22	13.27	13.32	13.37	13.42	13.02	13.06	13.10	13.14	13.18
16.05	16.09	16.13	16.17	16.22	16.27	16.32	16.37	16.42	16.02	16.06	16.10	16.14	16.18
12.05	12.09	12.13	12.17	12.22	12.27	12.32	12.37	12.42	12.02	12.06	12.10	12.14	12.18
6.05	6.09	6.13	6.17	6.22	6.27	6.32	6.37	6.42	6.02	6.06	6.10	6.14	6.18

Incoming Business Forms for May

Note. Please read the instructions given under the *Incoming Business Forms for March* and apply them to the work of Set IV.

Form 1. Invoice of Turner & Moss, City, May 2. Terms: cash.

10 doz. Carpenter's Chisels
6 Copying Presses
10 Grindstones
20 sets Knives and Forks
4 doz. Mortise Locks
1 doz. Planes, #4
3 doz. Handsaws

Form 2. Bill of H. L. Mills, City, May 4. Terms: cash.

Set Office Books, $12
Stationery, $3

Form 3. Invoice of Wilder & Chase, City, May 7. Terms: 1/2 in 3 da., balance in 10 da.

8 doz. Coal Hods
12 doz. Door Knobs
15 doz. Hammers
10 Ice-cream Freezers
5 doz. Lanterns
10 kegs Nails
2 doz. Planes, #4
5 doz. Carpenter's Chisels

Form 4. Invoice of Dunn & Sanford, City, May 9. Terms: 10 da.

10 doz. Railroad Picks
6 doz. Steelyards
12 doz. Steel Axes
20 doz. Try-squares

Form 5. Check of Strong & Hunter, City, for $117.75, in your favor, May 11.

Form 6. Invoice of Turner & Moss, City, May 14. Terms: on account.

12 doz. Carpenter's Chisels
10 doz. Coal Hods
15 Copying Presses
20 doz. Door Knobs
6 doz. Hammers
6 Ice-cream Freezers
6 doz. Handsaws
10 Grindstones
10 sets Knives and Forks

Form 7. Invoice of Wilder & Chase, City, May 16. Terms: on account.

10 doz. Lanterns
6 doz. Mortise Locks
10 kegs Nails
6 doz. Planes, #4

Form 8. Invoice of Dunn & Sanford, City, May 20. Terms: 1/30.

10 doz. Railroad Picks
6 doz. Steelyards
6 doz. Steel Axes
10 doz. Try-squares

The terms given mean that 1% will be taken off the face of the invoice if it is paid within 30 da.

Form 9. Check of Strong & Hunter, City, for $150, in your favor, May 23.

Form 10. Check of John H. Sand, City, for $200, in your favor, May 30.

In Set IV all merchandise is to be bought at the following prices:

ARTICLE AND QUANTITY		COST
Carpenter's Chisels, ½-in.,	doz.	$3.75
Coal Hods,	"	7.50
Copying Presses,	each	6.00
Door Knobs,	doz.	.75
Grindstones,	each	3.75
Hammers,	doz.	6.00
Handsaws,	"	18.00
Ice-cream Freezers,	each	2.50
Knives and Forks,	set	1.25
Lanterns,	doz.	6.00
Mortise Locks,	"	4.50
Nails, 8d, wire,	keg	3.00
Planes, #4,	doz.	24.00
Railroad Picks, 9-lb.,	"	10.00
Steelyards,	"	12.00
Steel Axes,	"	9.00
Try-squares, 6-in.,	"	4.50

Memoranda of Transactions for May

May 1. Student and James A. Hart begin a General Hardware business, investing cash, $3000. Each partner invests $1500.

Place the above memorandum in the journal, *but make no journal entry.* Receive the currency from the instructor. Make the following entry in the cashbook:

Cash Receipts

19–						
May 1	(Student)	Investment	1500	—		
1	James A. Hart	Investment	1500	—		

1. Deposit all currency in The Union Bank, under the firm name.

In the pass book, above the *student's* name, write the firm name, *Student* & Hart.

May 1. You have entered into an agreement with Wm. H. Kellogg for the rental of his store, at 266 Broad Street, at $50 per month.

No entry is required. A memorandum of this agreement may be made and filed with the incoming papers.

Engage Henry Lakey as a clerk at $35 per month.

2. Buy of Turner & Moss, City, for cash, merchandise as per invoice, Form 1.

Examine and check the invoice. Write a check in payment. Enter in the purchase book and the cashbook, and check in each.

This check will be No. 1. Now that you are engaged in a partnership business, checks are to be signed with the *firm* name.

3. Give Wm. H. Kellogg a check for rent of the store for May.

4. Buy of H. L. Mills, City, for cash, books and stationery, as per bill, Form 2.

Remember, *all* cash payments are made by check unless otherwise noted.

5. W. D. Mendon, City, places an order for the following goods. Fill the order at the prices given herewith. Terms: cash.

4 doz. Carpenter's Chisels at $4.75	1 doz. Handsaws at $21
3 Copying Presses at $8	5 sets Knives and Forks at $1.60
4 Grindstones at $5	2 doz. Mortise Locks at $6

Record the invoice in the sales book and the cashbook, and check in each. Begin a new page in the sales book.

Receipt the invoice and receive the currency.

6. Hall & Son, City, place an order for the following goods. Fill the order. Terms: on account.

3 doz. Carpenter's Chisels	6 sets Knives and Forks
1 doz. Planes, #4	2 Copying Presses

7. Buy of Wilder & Chase, City, merchandise as per invoice, Form 3. Terms: 1/2 in 3 da.; balance in 10 da.

7. Deposit currency, $100.

8. Strong & Hunter, City, place an order for the following goods. Fill the order at the prices given herewith. Terms: on account.

4 doz. Coal Hods at $9	5 doz. Hammers at $8
3 kegs Nails at $4	3 Ice-cream Freezers at $3.25
5 doz. Door Knobs at $1	2 doz. Lanterns at $7.50

9. Buy of Dunn & Sanford, City, at 10 da., merchandise as per invoice, Form 4.

May 9. Withdraw by check $15, to be used for sundry office expenses.

Write this check to the order of *Cash*. No entry is required because no cash has been paid out. Place the currency in the *Business Cash* envelope. This is called a *cash check*.

10. Remit Wilder & Chase a check for one half the invoice of May 7.

If there is a half cent in the division, call it one cent; always reckon the odd cent on the first transaction.

10. Pay S. H. Lyman, in currency, $5 for cleaning the store and basement.

11. Receive of Strong & Hunter their check for invoice of May 8, Form 5.

Examine the check; if correct, enter the amount in the cashbook. Place the check in the *Business Cash* envelope.

12. Give each partner a check for $50, for his personal use.

Write your check as follows: Pay to the order of *Student*.
Make your partner's check payable to his own name.
Sign each check with the *firm name*, as usual.
Enter in the cashbook as payments, under each partner's name as a withdrawal. Place the currency in the *Personal Cash* envelope.

13. L. P. Austin, City, places an order for the following goods. Fill the order. Terms: on account.

5 doz. Railroad Picks
2 doz. Steelyards
6 doz. Steel Axes
5 doz. Try-squares
5 doz. Hammers
3 Ice-cream Freezers

14. Buy of Turner & Moss, City, on account, merchandise as per invoice, Form 6.

15. Deposit the check on hand.

15. Wilson & Barton, City, place an order for the following goods. Fill the order. Terms: 10 da.

10 doz. Door Knobs
3 doz. Hammers
2 doz. Handsaws
3 Ice-cream Freezers
6 sets Knives and Forks
4 doz. Carpenter's Chisels

16. Buy of Wilder & Chase, City, on account, merchandise as per invoice, Form 7.

17. Remit Wilder & Chase a check for the balance of the invoice of May 7.

Note the amount paid on this invoice on May 10.

May 18. John Howe, City, places an order for the following goods. Fill the order at the prices given herewith. Terms: cash.

4 doz. Lanterns at $7.50	5 kegs Nails at $4
3 doz. Mortise Locks at $6	3 doz. Planes, #4, at $30

Record in the sales book and the cashbook, and check in each.

19. Strong & Hunter, City, place an order for the following goods. Fill the order. Terms: on account.

6 doz. Carpenter's Chisels	8 doz. Door Knobs
4 doz. Coal Hods	4 Grindstones
5 Copying Presses	3 doz. Hammers
3 doz. Handsaws	5 sets Knives and Forks

20. Buy of Dunn & Sanford, City, merchandise as per invoice, Form 8. Terms: 1/30.

21. Receive of L. P. Austin cash, on the invoice sold to him on May 13, $100.

Write the receipt and receive the currency.

22. John H. Sand, City, places an order for the following goods. Fill the order. Terms: on account.

6 doz. Railroad Picks	5 kegs Nails
5 doz. Steelyards	5 Ice-cream Freezers
10 doz. Try-squares	4 doz. Lanterns
3 Grindstones	6 doz. Carpenter's Chisels

23. Receive of Strong & Hunter their check for $150, to apply on the invoice of May 19, Form 9.

24. Deposit the check on hand, and currency, $200.

Remember, you must indorse all checks that you deposit.

24. Remit Dunn & Sanford a check for the amount of the invoice bought of them on May 9.

25. Receive of Wilson & Barton cash, for the amount of the invoice sold them on May 15.

Remember the receipt.

26. Give Wilder & Chase your note, at 15 da., with interest, for the invoice of May 16.

Write the note and make the journal entry. The invoice should be receipted as follows: *Paid by note at 15 da.*, Wilder & Chase.

May 27. P. D. Anson, City, places an order for the following goods. Fill the order. Terms: 10 da.

3 doz. Coal Hods	5 Grindstones
5 Copying Presses	2 doz. Hammers
4 doz. Door Knobs	1 doz. Handsaws

27. Give Turner & Moss a check for one half of the invoice bought of them on May 14.

28. Receive of Hall & Son cash, to apply on the invoice sold them on May 6, $50.

29. L. P. Austin, City, places an order for the following goods. Fill the order at the prices given herewith. Terms: 3/10, n/30.

4 sets Knives and Forks at $1.60	3 doz. Mortise Locks at $6
3 doz. Lanterns at $7.50	4 kegs Nails at $4

29. Wilson & Barton, City, place an order for the following goods. Fill the order. Terms: on account.

2 doz. Planes, #4	2 doz. Steelyards
4 doz. Railroad Picks	4 doz. Steel Axes

30. Receive of John H. Sand his check to apply on account, $200, Form 10.

31. Deposit the check and all currency on hand.

31. Give Henry Lakey, your clerk, a check for his salary, $35.

Make the monthly bank statement.

Before closing the different books, hand them to the instructor for inspection and approval.

Record the following in the journal, in the usual form, at the cost price:

INVENTORIES, MAY 31, 19—

Merchandise:

4 doz. Carpenter's Chisels	2 doz. Lanterns
7 doz. Coal Hods	2 doz. Mortise Locks
6 Copying Presses	3 kegs Nails
5 doz. Door Knobs	3 doz. Planes, #4
4 Grindstones	5 doz. Railroad Picks
3 doz. Hammers	3 doz. Steelyards
2 doz. Handsaws	8 doz. Steel Axes
2 Ice-cream Freezers	15 doz. Try-squares

4 sets Knives and Forks

Expense:

Office Books and Stationery $12

Closing the Work for May

Look over the closing of each book in April, and then close the books.

Post to the ledger, beginning on a new page; allow one third of a page for each account.

There are *two* proprietors in this set; their accounts should be on the first page of the ledger.

Foot the ledger accounts.

Take a trial balance; after approval, record it in Blank No. 1, on the page indicated by the index.

* Make the usual statements, and the verification; after approval, record them in Blank No. 1, on the page indicated by the index.

* Close the ledger as follows:

1. Close the *Merchandise* and *Expense* accounts to the *Loss and Gain* account.

2. As there are two proprietors in this set, divide the gain equally between them, and close the *Loss and Gain* account as shown in the following model:

Loss & Gain

19–						19–					
May	31	Expense	3	50	–	May	31	Mdse.	4	197	20
	31	Student Net Gain	1	73	60						
	31	J. A. S. Net Gain	1	73	60						
				197	20					197	20

Take a second trial balance.

Submit all work to the instructor for approval.

After receiving your monthly bank statement, check the stubs of your check book.

* The statement forms and the journal method of closing the ledger, as illustrated in Appendix G, may be used at the option of the instructor.

EXERCISE 47

A Written Review

The following review exercises are suggested:

a. Journalize orally or in writing each transaction in May.

b. On loose sheets of paper write Set I, page 41, as follows: Enter all cash items in the cashbook; journalize all other items; post to the ledger, three accounts to the page; take a trial balance; make the usual statements; close the ledger; take a second trial balance.

SET IV. GENERAL HARDWARE BUSINESS

WORK FOR JUNE

The following memoranda are a continuation of the memoranda for May, representing a partnership business.

Directions and Suggestions. The following general directions should be observed:

1. Use the same price list and the same books as in May.

2. Begin a new page in the journal. In the sales book leave a space of three lines, then write the first sale in June under the last sale in May.

3. The balance brought down from the May cashbook, under June 1, is to be reckoned with the cash receipts in June. Use a new envelope for the bank account. Record the balance at the head of the deposit column.

Incoming Business Forms for June

Form 11. Invoice of Wilder & Chase, City, June 3. Terms: 2/10, n/30.

6 doz. Carpenter's Chisels — 5 doz. Hammers
10 doz. Door Knobs — 6 doz. Handsaws
6 Grindstones

Form 12. Invoice of Dunn & Sanford, City, June 5. Terms: on account.

6 Ice-cream Freezers — 10 doz. Mortise Locks
12 sets Knives and Forks — 20 kegs Nails
10 doz. Lanterns — 6 doz. Planes, #4

Form 13. Check of Arnold & Davis, City, for $100, in your favor, June 5.

Form 14. Note of P. D. Anson, City, for $100, in your favor, at 10 da., with interest, June 6.

Form 15. Bill of H. L. Mills, City, June 9. Terms: cash.

Office Stationery, $6.75

Form 16. Invoice of Turner & Moss, City, June 12. Terms: 1/2 cash, balance in 30 da.

10 doz. Carpenter's Chisels — 6 Grindstones
5 doz. Coal Hods — 6 doz. Hammers
6 Copying Presses — 5 doz. Handsaws
6 doz. Door Knobs

Form 17. Check of L. P. Austin, City, for $71.50, in your favor, June 14.

Form 18. Invoice of Wilder & Chase, City, June 15. Terms: 1/2 cash; balance in 30 da.

6 Ice-cream Freezers	12 doz. Mortise Locks
10 sets Knives and Forks	20 kegs Nails
6 doz. Lanterns	5 doz. Planes, #4

Form 19. Invoice of Turner & Moss, City, June 21. Terms: 1/2 cash; balance in 10 da.

12 doz. Railroad Picks	6 doz. Steel Axes
8 doz. Steelyards	10 doz. Try-squares

Form 20. Check of P. D. Anson, City, for $100, in your favor, June 25.

Memoranda of Transactions for June

June 1. Give Wm. H. Kellogg a check for rent of the store for June, $50.

2. Receive of Hall & Son cash for the balance of the invoice of May 6.

2. Give Turner & Moss your note at 15 da. for the balance of the invoice of May 14.

3. Buy of Wilder & Chase, City, merchandise as per invoice, Form 11. Terms: 2/10, n/30.

4. Hall & Son, City, place an order for the following goods. Fill the order. Terms: 30 da.

4 doz. Coal Hods	3 doz. Carpenter's Chisels
2 Copying Presses	3 doz. Hammers
3 doz. Handsaws	5 doz. Try-squares

5. Buy of Dunn & Sanford, City, on account, merchandise as per invoice, Form 12.

5. Arnold & Davis, City, place an order for the following goods. Fill the order at the prices given herewith. Terms: cash, $100; balance in 15 da.

3 Ice-cream Freezers at $3.25	5 doz. Lanterns at $7.50
3 doz. Try-squares at $6	6 doz. Mortise Locks at $6
8 sets Knives and Forks at $1.60	2 doz. Planes, #4, at $30

Enter in the sales book. Receive their check for $100, Form 13, and enter it in the cashbook. Do not check in either book. Why? Under what name is the check entered?

6. Receive of L. P. Austin cash for the balance of the invoice of May 13.

June 6. Receive of P. D. Anson his note at 10 da., with interest, Form 14.

Do not make any *entry* for the interest.

6. Receive of Strong & Hunter cash for the balance of the invoice of May 19.

6. Deposit the check on hand, and currency, $200.

8. Receive of L. P. Austin cash for the invoice of May 29, less 3%.

The allowance of 3% on this invoice for early payment is called *Merchandise Discount.* Such allowances are common in business.

Enter in the cashbook in this set, as follows:

Receipts		Payments	
L. P. Austin, Inv. 5/29	$62.90	Mdse. Disc., Inv. 5/29, less 3%	$1.89

It is very convenient to write dates in fractional form. 5/29 means the 5th month and 29th day, — May 29.

8. Give Dunn & Sanford a check for the invoice of May 20, less 1%.

9. Pay the bill of H. L. Mills by check for office stationery, Form 15.

10. Give Wilder & Chase a check for your note, in their favor, due to-day, with interest.

11. Strong & Hunter, City, place an order for the following goods. Fill the order. Terms: 15 da.

5 doz. Door Knobs	2 doz. Handsaws
3 Grindstones	6 kegs Nails
2 doz. Hammers	4 doz. Try-squares

12. Buy of Turner & Moss, City, merchandise as per invoice, Form 16. Terms: 1/2 cash; balance in 30 da.

Enter the entire amount in the purchase book. Remember the check.

13. Give Wilder & Chase a check for the amount of the invoice of June 3, less 2%.

13. Give each partner a check for $50, for personal use.

Sign each check with the firm name.

14. L. P. Austin, City, places an order for the following goods. Fill the order at the prices given herewith. Terms: 1/2 cash; balance in 30 da.

4 doz. Carpenter's Chisels at $4.75	2 Grindstones at $5
3 Copying Presses at $8	3 doz. Hammers at $8
3 doz. Door Knobs at $1	3 doz. Handsaws at $21

Enter the invoice in the sales book. Receive a check for one half the amount, Form 17.

June 15. Buy of Wilder & Chase, City, merchandise as per invoice, Form 18. Terms: 1/2 cash; balance in 30 da.

16. Receive of P. D. Anson cash for his note and interest due to-day.

Compute the interest on the note and receive the currency. Remember, there are two entries in the cashbook. What titles will be used?

16. Deposit the check on hand, and currency, $200.

17. Give Turner & Moss a check for your note, in their favor, due to-day.

19. V. M. Furnham, City, places an order for the following goods. Fill the order at the prices given herewith. Terms: cash.

6 kegs Nails at $4	2 doz. Railroad Picks at $13

20. Receive of Arnold & Davis cash for the balance of the invoice of June 5.

21. Buy of Turner & Moss, City, merchandise as per invoice, Form 19. Terms: 1/2 cash; balance in 10 da.

22. Wilson & Barton, City, place an order for the following goods. Fill the order. Terms: cash, $75; balance in 10 da.

5 doz. Carpenter's Chisels	5 Grindstones
3 doz. Coal Hods	3 doz. Hammers
4 doz. Door Knobs	2 doz. Handsaws

22. Deposit currency, $175.

23. Give Dunn & Sanford your note at 30 da., to apply on account, $200.

24. John H. Sand, City, places an order for the following goods. Fill the order. Terms: cash, $150; balance in 30 da.

6 Ice-cream Freezers	6 doz. Mortise Locks
8 sets Knives and Forks	10 kegs Nails
5 doz. Lanterns	3 doz. Planes, #4

25. P. D. Anson, City, places an order for the following goods. Fill the order. Terms: cash, $100; balance in 10 da.

5 doz. Railroad Picks	4 doz. Steel Axes
5 doz. Steelyards	3 doz. Try-squares

Receive his check for $100, Form 20.

26. Receive of Strong & Hunter cash, for the invoice of June 11.

26. Deposit the check on hand, and currency, $250.

27. Strong & Hunter, City, place an order for the following goods. Fill the order. Terms: 10 da.

3 doz. Railroad Picks	4 doz. Try-squares
10 kegs Nails	2 doz. Steel Axes

June 28. Henry Zaner, City, places an order for the following goods. Fill the order at the price given herewith. Terms: cash.

6 kegs Nails at $4

29. Prepay your note in favor of Dunn & Sanford, issued on June 23, by giving them a check for the net proceeds.

A corresponding transaction is fully explained under April 28.

29. Hall & Son, City, place an order for the following goods. Fill the order. Terms: on account.

2 Copying Presses	3 Ice-cream Freezers
3 Grindstones	2 doz. Handsaws

30. Give Henry Lakey, your clerk, a check for his salary, $35.

30. Deposit all currency on hand.

30. Withdraw, by check, the balance on deposit in The Union Bank.

Write the check payable to the order of *Cash.* The reasons for this withdrawal were given at the close of April. *No entry is required.*

Make the monthly bank statement.

Hand all books to the instructor for inspection and approval.

Record the following in the journal, in the usual form, at the cost price:

INVENTORIES, JUNE 30, 19—

Merchandise:

8 doz. Carpenter's Chisels	8 doz. Lanterns
5 doz. Coal Hods	12 doz. Mortise Locks
5 Copying Presses	5 kegs Nails
9 doz. Door Knobs	9 doz. Planes, #4
3 Grindstones	7 doz. Railroad Picks
3 doz. Hammers	6 doz. Steelyards
1 doz. Handsaws	8 doz. Steel Axes
2 Ice-cream Freezers	6 doz. Try-squares

10 Sets Knives and Forks

Expense:

Office Books and Stationery	$12.50

CLOSING THE WORK FOR JUNE

Close the different books.

May and June constitute one set of books; therefore the work for June will be posted to the same accounts as that for May.

Foot the ledger accounts.

Take a trial balance; after approval, record it in Blank No. 1, on the page indicated by the index.

* Make the usual statements, and the verification; after approval, record them in Blank No. 1, on the page indicated by the index.

* Open a new *Loss and Gain* account; close the ledger.

Refer to the *Loss and Gain* account in May for a suggestion as to the proper division of the gain between the partners.

Take a second trial balance.

Submit all work to the instructor for approval.

After receiving your monthly bank statement, check the stubs of your check book.

* The statement forms and the journal method of closing the ledger, as illustrated in Appendix G, may be used at the option of the instructor.

EXERCISE 48

A Written Review

The following review exercises are suggested:

1. Journalize orally or in writing each transaction in June.

2. On loose sheets of paper write Set II, page 51, as follows: Use the cashbook, the journal, the purchase book, the sales book, and the ledger. Complete the set in every detail and pass it to the instructor.

3. The following written test in business forms: Write from memory on blank paper, cut to the proper size, the following business forms; make the entry for each party.

a. A Promissory Note. May 27, *Student* gives Henry S. Miller a 30-day promissory note, bearing interest at 6%, payable at Second National Bank. Face of the note, $237.50.

b. A Promissory Note. June 16, *Student* receives of Adam H. Freeman a 60-day promissory note, without interest, payable at Union National Bank. Face of the note, $348.20.

c. A Check. On May 15, *Student* receives of Howard & Co. a check drawn on the City National Bank for $88.40.

EXERCISE 49

SET G. GRAIN

This set is given as a review set, or it may be used for additional work by those students who finish the regular sets in advance of the class.

The books used are the journal, the cashbook, the sales book, the purchase book, and the ledger. Loose sheets of journal paper and ledger paper should be used for recording the transactions. Allow one third of a page for each account in the ledger.

Memoranda of Transactions

June 1. *Student* and Wm. G. Allston begin the Grain and Seed business, investing cash, $2000. Each partner invests $1000.

2. Pay Edward S. Green by check, for rent of the store for 1 mo., $50.

3. Buy of Wm. S. Duncan by check:

500 bu. Wheat at 90¢ 600 bu. Corn at 43¢

4. Sell Harvey & Co. for cash:

200 bu. Wheat at $1.10 150 bu. Corn at 50¢

5. Buy of E. S. Harlan on account:

1000 bu. Oats at 32¢

6. Pay T. J. Coleman by check, for a set of office books, stationery, and supplies, $22.50.

6. Sell Graves & Co. on account:

250 bu. Corn at 51¢ 400 bu. Oats at 38¢

8. Pay E. S. Harlan by check, on account, $200.

9. Buy of Richard F. Goodman on account:

500 bu. Corn at 44¢

10. Sell Henry P. Dutton on account:

150 bu. Wheat at $1.12 100 bu. Corn at 50¢
200 bu. Oats at 39¢

11. Buy of S. M. Collins by check:

400 bu. Wheat at 92¢

12. Pay Reading & Co. by check, for an office safe, $75.

13. *Student* withdraws cash, for personal use, $50.

13. Wm. G. Allston withdraws cash, for personal use, $50.

15. Give E. S. Harlan your note, with interest, at 10 da., $120.

16. Receive of Graves & Co. their check, on invoice of June 6, for $175.

17. Give Richard S. Goodman your check for the invoice of June 9.

18. Receive of Henry P. Dutton his check for the invoice of June 10.

19. Sell Kelsey & Co. on account:

200 bu. Wheat at $1.15 100 bu. Corn at 50¢
200 bu. Oats at 37½¢

20. Receive of Graves & Co. their check for the balance of the invoice of June 6.

June 22. Sell Graves & Co. on account, 2%, 10 da.:

200 bu. Wheat at $1.10 200 bu. Corn at 50¢
100 bu. Oats at 38¢

23. Buy of Geo. M. Barber on account:

500 bu. Oats at 33¢

24. Sell Henry P. Dutton on account:

50 bu. Wheat at $1.12 200 bu. Oats at 39¢

25. Pay E. S. Harlan by check for your note and interest due to-day.

26. Receive of Graves & Co. their check for the invoice of June 22, less 2%.

27. Pay Geo. M. Barber by check, on account, $100.

27. Buy of E. S. Harlan on account:

300 bu. Wheat at 91¢

29. Receive of Henry P. Dutton his check, on account, $75.

30. Receive of Kelsey & Co. their note, with interest, at 30 da., $250.

30. Pay Fred A. Walker, your clerk, by check, one month's salary, $30.

INVENTORIES, JUNE 30, 19—

Merchandise:

400 bu. Wheat at 90¢
300 bu. Corn at 43¢
400 bu. Oats at 32¢

Expense:

Office Books and Stationery, $20
Office Safe at Cost $75

EXERCISE 50

CONSIGNMENTS

A fruit grower in Oregon may send a quantity of apples to a merchant in New York, who will act as agent in selling the apples. This agent is called a **Commission Merchant.**

The quantity of apples received is called the **Consignment**; the one who sent the apples, the **Consignor**; the commission merchant who received them, the **Consignee**; the itemized statement sent by the consignee to the consignor, the **Account of Sales.**

After the apples are sold, the merchant deducts a certain per cent of the sales as his **Commission**, pays all the other charges, and remits the balance.

The following transactions afford illustrations of the application of debit and credit to this kind of business. Journalize each transaction.

Memoranda

July 1. Henry Brown, a commission merchant of New York, received a consignment of pineapples from the Day Porto Rican Fruit Company, Manati, Porto Rico, by the steamer *Coamo*, to be sold, on their account and risk, as follows:

100 crates 36's	100 crates 30's
100 crates 24's	100 crates 18's

No debit and no credit entry for this, simply a memorandum.

36's, 24's, etc., set forth the number of pineapples in each crate, and indicate the size of the fruit.

2. The freight charges, $0.482 per crate, were paid by check to the New York & Porto Rican Steamship Company.

Charge the Day Porto Rican Fruit Company for the amount of this check.

3. Upon examination it was found that some of the fruit was damaged, and the entire shipment was repacked at a charge of 2¢ per crate. The following were the losses:

3 crates 36's	2 crates 30's
2 crates 24's	1 crate 18's

Charge the *Company* and credit *Labor*.

The charge is for the *total* number of crates.

4. Sold H. B. Smith on account:

50 crates 36's at $2.90	50 crates 24's at $3.25

5. Sold J. B. Conley for cash, less 2%:

47 crates 36's at $2.90	50 crates 30's at $3.10

Charge the net amount.

6. Sold C. H. White on account:

48 crates 30's at $3.15	50 crates 18's at $3.60

7. Sold P. C. Wilson for cash:

48 crates 24's at $3.20	49 crates 18's at $3.50

July 8. The company is charged for the following items:
Labor, $4; cartage, 2¢ per crate; commission, 10% on the sales.
Credit the accounts named.

9. A check is remitted for the net amount due the Day Porto Rican Fruit Company. Make the necessary entry for this remittance.

COMMERCIAL DRAFTS

NOTE. A brief study of the commercial sight draft and the bank draft is introduced at this stage of the student's work for the convenience and accommodation of those instructors who desire to take up the study of drafts, in a brief way, in connection with the introductory work of the text.

Study the following illustration, giving particular attention to the relation that the different parties bear to each other.

Chas. H. Hardy, Hartford, Conn., owes Geo. H. Allen, Chicago, Ill., $500. Amos R. Graham, Chicago, Ill., owes Chas. H. Hardy the same amount. What may Chas. H. Hardy do to serve his own convenience, and at the same time save Amos R. Graham the trouble of sending the money from Chicago to Hartford?

Chas. H. Hardy writes an order directing Amos R. Graham to pay Geo. H. Allen $500. Allen presents the order to Graham, and he pays it in cash. Does this accomplish the same result as if Graham had sent the money to Hardy, and Hardy had sent it to Allen?

Whom should Chas. H. Hardy debit? Whom should he credit?
Whom should Geo. H. Allen credit? What should he debit?
Whom should Amos R. Graham debit? What should he credit?

A **Commercial Draft** is a written order in which one person directs another to pay a specified sum of money to the order of himself, or to the order of a third person.

The primary *object* of commercial drafts is to effect the settlement of debts without the risk or the inconvenience of transmitting money.

There may be either three parties or two parties to a draft.

The **Original Parties** to a three-party draft are:

The **Drawer**, the one who draws the draft;
The **Drawee**, the one on whom the draft is drawn.
The **Payee**, the one to whom the order is made payable.

Many commercial drafts are drawn as a means of collecting debts, and a large number of them are dishonored. Unless there is a special reason, such as dealing with a delinquent debtor, a draft should not be drawn without a previous arrangement or an understanding between the persons. Without such notice, a draft ordinarily has no more significance than the sending of a monthly statement of account.

Sight Paper is paper payable on presentation.

The following is the usual form of a *sight draft.*

Sight Draft

$500.00 Boston, Mass. May 2, 19—

At sight Pay to the order of

C. W. Gray

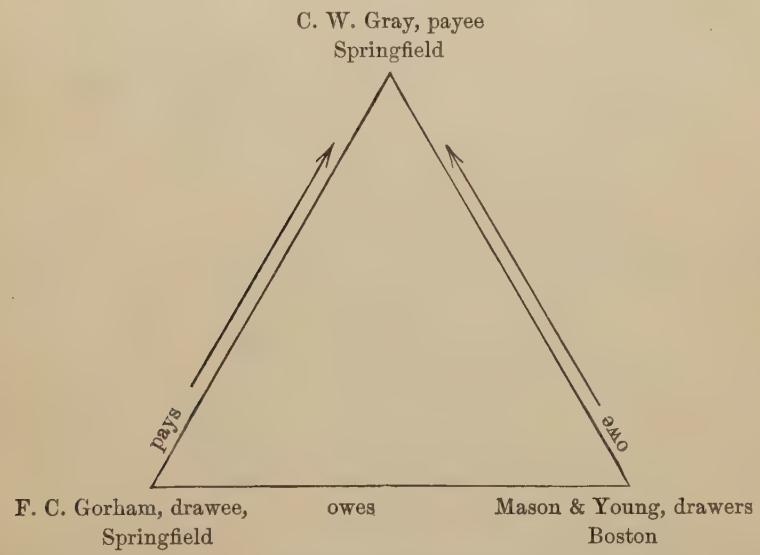
Five Hundred 00/100 Dollars

Value received and charge to account of

To F. C. Gorham

No. 12 Due Springfield, Mass. Mason & Young

Study this sight draft in connection with the following diagram:



The persons to a three-party commercial draft usually bear the following relation to each other:

The Drawee generally owes the drawer;

The Drawer generally owes the payee;

The Payee and the drawee bear no relation to each other.

The drawee and the payee usually live in the same place.

While not bound to do so, the drawer usually notifies the drawee before or at the time of drawing the draft.

It is customary to send it to the payee, and he presents it to the drawee.

The Drawer's Entry. Mason & Young mail the following draft to C. W. Gray, and make this journal entry:

Mason & Young's Journal

C. W. Gray,	Drew a sight draft	500	—		
F. C. Gorham,	on F. C. G. and remitted it to C. W. Gray			500	—
	on acct.				

Mason & Young have given C. W. Gray an order equivalent to $500 cash, when presented to Gorham; therefore they should *debit* Gray.

When F. C. Gorham pays the sight draft, he gets out of Mason & Young's debt, $500. He gave the money to Gray, but *for the account of Mason & Young;* therefore Mason & Young will *credit* F. C. Gorham.

The Payee's Entry. Immediately upon the receipt of this draft Gray will take it to F. C. Gorham and receive the cash, or deposit it in his bank for collection and credit. Gray will get the cash, $500; he will make this cashbook entry on the left side:

Gray's Cashbook

May	4	Mason & Young	Sight draft on acct.	500	—	

The cash received by Gray came from Mason & Young through Gorham; therefore Gray should *credit Mason & Young.*

The Drawee's Entry. When the draft is presented to Gorham, he will pay it, and make this cashbook entry on the right side:

Gorham's Cashbook

May	4	Mason & Young	Pd their sight draft	500	—	

Gorham paid Gray $500, but he paid one of his debts to Mason & Young, and thus got out of their *debt;* therefore he should debit them.

The three-party draft is not used so frequently as formerly.

The Two-Party Draft; its General Uses. Business men frequently employ the sight draft as an aid in the collection of accounts that are past due. For example, suppose Edgar McMickle, Paterson, N.J., owes

Wilbert, Closs & Co., Springfield, Mass., $260.50. The account is past due, and Wilbert, Closs & Co. want the money. They will, after proper notice, draw the following draft:

$260.50 Springfield, Mass. July 3, 19—

At sight Pay to the order of

Ourselves

Two Hundred Sixty 50/100 Dollars

Value received and charge to account of

To Edgar McMickle

No. 130 Due Paterson, N.J. Wilbert, Closs & Co.

Wilbert, Closs & Co. will indorse the draft and leave it with the Springfield National Bank for collection. As they have no account with a Paterson bank, they will again indorse the draft and forward it to the Chemical National Bank of New York City, with whom they have a regular account. The following indorsements will appear on the back of the draft.

Pay to the order of Springfield National Bank

Wilbert, Closs & Co.

per W.

PAY TO THE ORDER OF
CHEMICAL NATIONAL BANK
NEW YORK

Frank Mason
Cashier

The blank indorsement, simply the name, is but little used in business. Banks insist on the use of the full indorsement.

A number of indorsements that are common in business are illustrated and explained on page 90.

The Chemical National Bank will collect the money from McMickle through a bank in Paterson, and then notify the Springfield National Bank that the draft has been collected and the amount credited. The Springfield National Bank notifies Wilbert, Closs & Co. that the proceeds have been credited.

The following are the entries for this draft:

The Drawer's Entry. Wilbert, Closs & Co. make this entry on the left side of their cashbook:

Wilbert, Closs & Co.'s Cashbook

July	3	Edgar McMickle	Deposited sight draft	260	50	

Should the bank make a charge for collecting this draft, the amount of such a charge would appear on the right side of the above cashbook.

The Drawee's Entry. When Edgar McMickle pays the draft, he will debit Wilbert, Closs & Co. on the right side of his cashbook, as follows:

McMickle's Cashbook

July	5	Wilbert, Closs & Co.	Pd their sight dft.	260	50	

From the preceding discussion the following principles are deduced regarding the entries for commercial sight drafts:

Drawer's Entry when a three-party sight draft is drawn:

Payee Drawee

Drawer's Entry when he draws a sight draft in his own favor, and it is collected:

Cash Drawee

Payee's Entry when he receives a sight draft and collects it, on account:

Cash Drawer

Drawee's Entry when he pays a sight draft:

Drawer Cash

EXERCISE 51

WRITING DRAFTS

Write each of the following drafts, at sight, and make the entry for each party. Use the current date. The following script model shows an orderly arrangement of the work.

It is suggested that the students rule ordinary sheets of writing paper to correspond to the model on page 121, and use them when writing the drafts outlined on page 122.

Model Draft and Entries

$300.00 Cleveland, O., June 17, 19–

At sight pay to the order of David N. Swan

Three Hundred 00/100 Dollars

value received and charge to account of

To John D. Sprague, Chas. B. Sherman

No. 16. Due Columbus, O.

Drawer's Journal Entry

	David N. Swan John D. Sprague	Drew sight draft on J. D. Sprague and remitted it to D. N. Swan on acct.	300	—	300	—

Payee's Entry on left side of Cashbook

	Chas. B. Sherman	His sight draft on J. D. Sprague	300	—		

Drawee's Entry on right side of Cashbook

	Chas. B. Sherman	His sight draft favor D. N. Swan	300	—		

	DRAWER	DRAWEE	PAYEE	AMOUNT
1.	J. C. Green (Your Place)	Amos Hamilton Albany, N.Y.	L. B. Messer	$350.
2.	*Student* (Your place)	John Garson Columbus, O.	Henry F. Cook	$402.10
3.	A. B. Mentor Chicago, Ill.	*Student* (Your place)	Carl V. Martin	$378.50
4.	David M. Gay Alton, Ill.	John A. Saxon (Your place)	*Student*	$1200.

5. You owe Ralph M. Wells, New York, $400, and Geo. M. Warren, New York, owes you $500. Draw a sight draft and make the required entries, assuming that the draft will be paid on presentation.

6. F. A. Wright, Atlanta, Ga., owes you $42.50 on account. Draw a sight draft on him, in favor of yourself, indorse it, and leave it at The Union Bank for collection. In 5 da. the bank informs you that the draft has been collected. Make the entries.

7. The Union Bank presents a sight draft drawn by O. M. Howe, Denver, Colo., on you, in favor of himself, for $104.25. Pay it by check and make the entries.

When you pay a sight draft drawn on you, the draft should be canceled and kept as a receipt.

8. Frank Weeks, Austin, Texas, owes you $200 on account. Draw a sight draft on him, in favor of yourself, for that amount, indorse it, and leave it at the First National Bank for collection. In 6 da. the bank informs you that the draft has been collected. Make the entries.

9. The First National Bank presents a sight draft drawn by L. W. Stacey, Peoria, Ill., on you, in favor of himself, for $100. Pay it by check and make the entries.

REVIEW QUESTIONS

1. Define commercial draft. 2. State the object of drafts. 3. What names are given to the parties to a draft? 4. What is the drawer's entry when he draws a sight draft on A in favor of B? 5. What is the payee's entry for a sight draft received and collected? 6. What is the drawee's entry for a sight draft paid? 7. Do all drafts have three distinct parties? Explain. 8. How is a sight draft used to collect a debt? 9. Is it wise to draw on a good customer without notifying him in advance? Why? 10. How would you indorse a sight draft left at The Union Bank for collection?

Commercial Time Drafts are used in business, but not so extensively as **Sight Drafts**; these time drafts will be discussed in a more advanced portion of this text.

BANK DRAFTS

Business men usually keep an account with a bank and make a large proportion of their payments by check. However, they find it necessary sometimes to make payment to persons or firms who do not care to give credit for private checks, and then some other form of transfer must be used. A very common and convenient form of remittance is by means of a check of one bank upon another. This is called a **Bank Draft.**

Suppose that C. C. Canan, Boston, Mass., wishes to buy a bill of goods of Jordan, Marsh & Co., New York, amounting to $400.60. If his financial standing is unknown to Jordan, Marsh & Co., he should not send his personal check. He therefore draws the following check and exchanges it at his bank for a New York draft.

Check to pay for Bank Draft

Boston, Mass., July 16, 19— No. 365

Traders National Bank

Pay to the order of N. Y. draft ($400.60) Exch. (50¢) $401.10

Four Hundred One 10/100 ——— Dollars

C. C. Canan

The check is drawn for 50¢ more than the face of the draft, and this charge is called **Exchange.** Some banks do not make any charge to regular customers. For this check the Traders National Bank will issue the following draft:

Bank Draft

Boston, Mass., July 16, 19— No. 920.

Traders National Bank

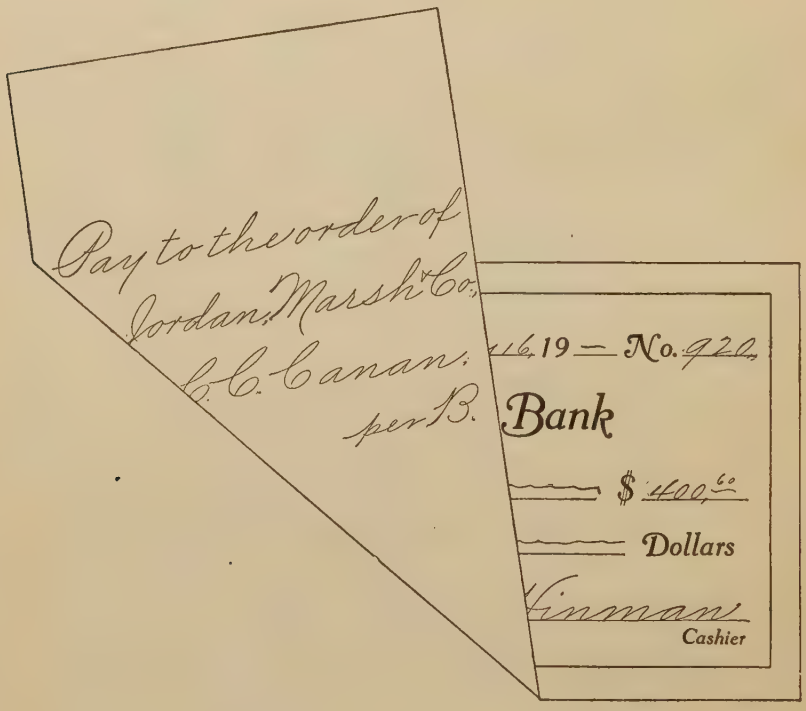
Pay to the order of C. C. Canan — $400.60

Four Hundred 60/100 ——— Dollars

To Chemical National Bank, New York

W. A. Kinman, Cashier

A bank draft is usually drawn payable to the order of the purchaser, who indorses it to the person or the firm to whom it is to be sent, as shown herewith.



In this way the name of the sender appears on the draft and he is identified as such, and the draft, when canceled, is filed and serves as a receipt.

The one who purchases a bank draft may require the name of the one to whom it is to be sent to appear as the payee.

In opening letters that contain drafts, if the name of the sender does not appear on the draft, care must be taken to keep the draft and the letter together. If his name is on the draft, it may be identified without the letter.

The Entries. The sending of this draft constitutes a cash payment by C. C. Canan to Jordan, Marsh & Co., and he makes the following entry on the right side of his cashbook:

July	16	Jordan Marsh & Co.	Dft. for Inv. Mdse.	400	60	
	16	Expense	Exchange on above		50	

Upon the receipt of the draft Jordan, Marsh & Co. will make this cashbook entry on the left side:

When Jordan, Marsh & Co. make their deposit for the day they will include the draft received from Canan, *such drafts being treated as checks.*

EXERCISE 52

For Oral Work

1. Receive from Henry Belmont a bank draft to apply on account, $750. Give your entry; give his entry. No exchange charged.

2. Receive from Green & Co. a bank draft to apply on account, $328.40. Give your entry; give their entry. No exchange charged.

3. Buy of your local bank by check, Henry C. Lucas, Cashier, a draft on the Chemical National Bank, of New York, No. 6846, payable to your order, for $250. Send it to Louis I. Brace in payment of your note due to-day. Give your entry; give his entry. In whose favor should this draft be drawn? Indicate the proper indorsement. No exchange charged.

4. Buy of the First National Bank, of your city, Thomas E. Gross, Cashier, a draft on the Second National Bank, of New York, No. 2378, payable to your order, for $32.50. Indorse it and send it to the Jones Manufacturing Company for a set of office books, to be used in your office. Give your entry; give their entry. No exchange charged.

As a review, write the check and the draft called for in No. 3, and the draft called for in No. 4.

SUGGESTIONS FOR BUSINESS CORRESPONDENCE

When ordering goods it is a common practice in business to keep a duplicate of the order, and as these orders are generally made by letter, a copy of the letter is a convenient and exact record for the office file. When a bill of the goods is received, if any question arises regarding the original letter, this duplicate is available for reference.

As business correspondence is closely allied to business practice, and is commonly taught in connection with it, the script letter on page 126 is given as a suggestion to the student and to the instructor.

It is not unusual for the instructor in correspondence to select some of the orders of purchase and sale in the bookkeeping text, and ask the student to write the required letters for these orders. This plan correlates the work in correspondence very closely with the work in bookkeeping, and affords an unusual variety of material for practice in the writing of this kind of letters.

Model Letter ordering Goods

Westfield, Mass., Jan. 6, 19-

Messrs. Jones, Clark & Smith
Springfield, Mass.

Gentlemen:

Please ship us at once by fast freight:

40 bbl. White C Sugar
20 " Standard A Sugar
20 " Fine Granulated Sugar
10 " Roller Process Flour
5 " Akron Oatmeal

Respectfully
Geo. R. Keefe

PART II. INTERMEDIATE WORK

COMMERCIAL DRAFTS

EXERCISE 53

A WRITTEN REVIEW OF SIGHT DRAFTS

On pages 116 to 122 the discussion of the **Sight Draft** showed that it is an important factor in business. A review of these pages is suggested, and then the following exercises may be worked out.

1. You owed Samuel T. Porter $325 on account, and on May 6 you drew a sight draft on Warren & Son, St. Louis, Mo., in favor of Porter, for the amount named.

a. Make your entry, and the necessary explanations. A script model is given on page 121.

2. On May 10 you drew a sight draft on Patterson & Co., Atlanta, Ga., for an invoice dated May 1, for $165.20, in favor of yourself, and left it at your bank for collection.

a. Write the draft.
b. Show the necessary indorsement.
c. Make the entry for each person when the draft is collected.

3. On May 15 you sold an invoice of merchandise to Geo. H. Powell, Cleveland, Ohio, amounting to $125.50, subject to a sight draft in 10 da. On May 24 you drew a sight draft on Geo. H. Powell in favor of W. R. Haynes, Cleveland, Ohio, for the amount of the invoice, and remitted the draft to Haynes.

a. Trace the course for this draft until it is paid.
b. Write the draft.
c. Make your entry.
d. Make the entry for each of the other persons.

4. On May 20 you bought an invoice of goods of Thos. H. Head, Omaha, Nebr., amounting to $450, subject to a sight draft in 10 da. On May 31, A. A. Lewis, of your city, presented a sight draft drawn

on you, in his favor, by Thos. H. Head, for the amount of the invoice. The draft was paid by a check on The Union Bank.

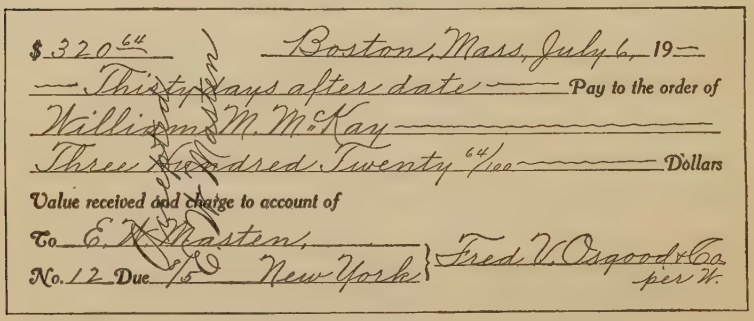
a. Write the check.

b. Write the draft, and make the entry for each person.

If a sight draft was presented to the drawee, and payment, by request, was deferred for a number of days, it would be proper for him to accept the draft. After acceptance, the sight draft may be treated as a time draft. Some states allow 3 da. of grace on sight drafts.

Time Drafts. Time drafts are of two kinds: namely, those payable a certain time after date, and those payable a certain time after sight, that is, a certain time after *presentation* for acceptance.

Draft Payable after Date


$320 64/100
Boston, Mass, July 6, 19—
Thirty days after date
Pay to the order of
William M. McKay
Three Hundred Twenty 64/100
Dollars
Value received and charge to account of
To E. W. Masten,
No. 12 Due 8/5 New York.
Fred. V. Osgood & Co.
per W.

An **Acceptance** is a time draft which has been accepted. The preceding form is an **Acceptance**, and it is treated in business as a *promissory note.*

Without the writing across the face of this draft it was not binding upon the drawee. He had not agreed to pay the draft, and could not be held legally for payment.

Method of Procedure in handling Time Drafts. The drawer writes the draft and mails it to the payee, who presents it to the drawee for acceptance. In the foregoing draft the date of maturity was not determined by the acceptance of E. W. Masten, and it was not absolutely necessary for William M. McKay to present the draft until it was due, and then only for payment; until the draft is accepted, there is no legal obligation on the part of Masten to pay it, so it would be unbusinesslike on the part of McKay not to present the draft for acceptance within a reasonable time after it was received.

When the foregoing draft is presented, Masten is not bound to accept it. However, if he does accept it, he becomes the **acceptor** and is held for

its payment in the same way that he would be held if he had written his promissory note for the amount.

Manner of accepting. If the drawee is willing to meet a draft on him according to the conditions named therein, he writes the word *Accepted* and signs his name. This is generally done in red ink across the face of the draft, though the color of the ink has no particular significance.

In those states that allow days of grace on sight drafts it is necessary to have them accepted in the same manner as time drafts payable after sight, unless they are paid upon presentation.

To *honor* a sight draft is to *pay it;* to *honor* a time draft is to *accept it* or to *prepay it.*

Analysis of Entries of Parties to a Time Draft. Compare the foregoing draft with the sight draft explained on page 117. The relation of the parties is identical. Osgood & Co. owe McKay, and Masten owes Osgood & Co. It is expected that Masten will accept the draft when it is presented to him by McKay.

Drawers' Entry:

1. F. V. Osgood & Co. have given William M. McKay value which, when accepted by E. W. Masten, is the same as bills receivable. Therefore they should debit McKay.

2. When Masten accepts the draft he binds himself to pay one of Osgood & Co.'s debts. He is expected to honor the draft, and Osgood & Co. should therefore credit him, because by accepting the draft he cancels a debt to the amount of $320.64.

F. V. Osgood & Co.'s Journal Entry

Wm. M. McKay	Drew a 30 da. draft	320	64		
E. W. Masten	on E. W. Masten and			320	64
	remitted it to W. M.				
	McK. on acct.				

Payee's entry:

1. The payee, William M. McKay, instead of receiving cash, as in the case of the sight draft, has received simply E. W. Masten's written promise to pay. We have already learned that other people's written promises are debited to *Bills Receivable* when received.

2. As in the case of the sight draft, F. V. Osgood & Co. are responsible for McKay's getting the draft, and he should credit them.

William M. McKay's Journal Entry

	Bills Rec. F. V. Osgood & Co.	Recd. their draft on E. W. Masten, which has this day been accepted	320	64	320	64

Drawee's entry:

1. When E. W. Masten has accepted the foregoing draft, he has given the equivalent of his promissory note, and we have already learned that when one issues his promissory note he credits *Bills Payable.*

2. It is for F. V. Osgood & Co. that Masten has promised to be bound by this draft; therefore he should debit them.

E. W. Masten's Journal Entry

	F. V. Osgood & Co. Bills Pay.	Accepted their 30-da. draft, favor Wm. M. McKay	320	64	320	64

Draft Payable after Sight

$250.00 Boston, Mass., July 20, 19—

At ten days' sight Pay to the order of

D. M. Garson & Co.

Two Hundred Fifty and 00/100 Dollars

Value received and charge to account of

To W. E. Frey,

No. 17 Due 8/1 Springfield, Mass.

R. B. Kenney & Co. per W.

This draft is the same as the draft drawn payable *after date* except as to the manner of acceptance. In an order payable *after sight* it is necessary to date the acceptance in order to fix the date of maturity.

The difference between a draft payable after date and one payable after sight is that the former begins to mature on the date of the draft, the latter on the date on which the draft is accepted. The date of acceptance *must* be given in a draft payable after sight, while it may or may not be given in a draft payable after date.

Another Use of Time Drafts. The ordinary time draft is sometimes used in connection with sales of merchandise. For instance, Quincy, Bradley & Co. sell L. B. Wade & Co. merchandise amounting to $1305 on the following terms: 30-day draft for $500, balance in 60 da.

A draft similar to the following is mailed with the bill:

$500.00 Boston, Mass., July 15, 19—

Thirty days after date Pay to the order of

Ourselves

Five Hundred 00/100 Dollars

Value received and charge to account of

To L. B. Wade & Co.

No. 73 Due 7/14 Westfield, Mass. Quincy, Bradley & Co. per W. O. W.

The **Object** of drawing a time draft in connection with a sale of merchandise is twofold:

1. When accepted, the draft serves as a written contract.
2. Since an acceptance is negotiable, it may be discounted and cash realized upon it before maturity.

Necessary Entries for Second Time Draft. The sale will be recorded in the sales book in the regular way. No entry will be made for the draft until it is returned, accepted.

Some houses instead of mailing the foregoing draft with the invoice place it in their bank for collection. This is the usual way of handling paper of this kind, but both methods are illustrated in this work.

If Quincy, Bradley & Co. placed the foregoing draft in the hands of their bankers for collection instead of sending it to the drawees, they will make the entry the same as if the draft were in their possession, accepted, for L. B. Wade & Co., by the terms of the purchase, have contracted to accept the draft.

The following is the form of the journal entry:

Quincy, Bradley & Co.'s Journal

	Bills Rec.					
	L. B. Wade & Co.	Our 30-da. draft on them given to the bank for collection	500	—		
					500	—

Should Quincy, Bradley & Co. wish to offer the draft, when accepted, for discount, they may do so. If this draft is discounted July 20, the date it is assumed they received it from L. B. Wade & Co. accepted, they will make the following cashbook records:

Left Side

July	20	L. B. Wade & Co.	Dft. recd. & disctd.	500	–	

Right Side

July	20	Interest	L. B. Wade & Co's draft	2	08	

NOTE. Some business men prefer to make two distinct entries for the above, as follows:

1. *Bills Receivable to L. B. Wade & Co.* for the acceptance received.
2. *Bills Receivable* on the left side of the cashbook, $500, and *Interest* on the right side for $2.08, when the acceptance was offered for discount.

PRINCIPLES FOR TIME DRAFTS

1. **Drawer's Entry** when a time draft with three distinct parties is accepted:

Payee Drawee

2. **Drawer's Entry** when he receives his draft, drawn in his own favor, accepted:

Bills Receivable Drawee

3. **Payee's Entry** when he receives a time draft properly accepted:

Bills Receivable Drawer

4. **Drawee's Entry** when he accepts a time draft:

Drawer Bills Payable

5. **Drawer's Entry** when he draws a time draft on a second party in favor of himself, and the drawee prepays it in cash:

Cash Drawee
Interest

6. **Drawee's Entry** when he prepays a time draft, in cash:

Drawer Cash
Interest

EXERCISE 54

For Written Work

Note. These exercises may be used first orally.

1. On June 1, W. G. Gambee, Denver, Colo., drew on you at 45 days' sight, in favor of Fred G. Mercier, of your city. Upon presentation, June 5, you accepted the draft. Face of the draft, $500.

a. Write the draft and the acceptance.
b. Make the entry for each person.

2. You bought of R. H. Macey & Co., New York, 750 yd. Scotch ginghams at 15¢, and received their 30-da. draft dated June 4. This you accepted on June 6, for the amount of the invoice.

a. Write the draft and your acceptance.
b. Make your entry for the draft.
c. Make R. H. Macey & Co.'s entry when they received the draft accepted.

In the above it is assumed that R. H. Macey & Co. made one entry in their sales book at the time of shipping the goods, and another on the receipt of your acceptance; also that you entered the invoice in your invoice book, and made a journal entry when the draft was accepted.

3. You owed D. E. Smith, Seattle, Wash., $275, due in 30 da., and F. C. Kirkman, of Seattle, owed you $426.50, on account. You wrote a draft payable 30 da. after date, and sent it to Smith; he presented the draft to Kirkman, who accepted it. This canceled your debt to Smith.

a. Show the proper acceptance on the draft.
b. Make the entry for each person.

4. S. C. Davis, St. Louis, Mo., owed you $500, due in 30 da. You needed the money at once, and drew a 30-da. sight draft on him, in favor of yourself, and sent it to him. He accepted it and returned it to you. The draft was dated June 16, and the acceptance, June 18.

a. Write the draft and show the acceptance.
b. Make the entry for each person.

5. You drew a draft payable 30 da. after date on Frank H. Wilson, Trenton, N.J., in favor of yourself, for an invoice dated July 1, for $210.50, and left it at Traders National Bank for collection. The bank presented the draft, and it was duly accepted. At maturity Traders National Bank collected the draft, deducted 25¢ for charges, and remitted the balance to you.

a. Write the draft and the indorsement. Show Wilson's acceptance and entry.
b. Make your entry when notified that the draft had been accepted.
c. Make your entry when you received the remittance.

6. You drew a draft payable 10 da. after date on James B. Stillman, Louisville, Ky., in favor of yourself, for $500, and sent it to Stillman for acceptance. The draft is dated July 6, and the acceptance, July 9. He returned the draft, and you held it until it was paid at maturity.

a. Write the draft.
b. Show the acceptance.
c. Make the entry for each person, after acceptance.
d. Make the entry for each person at the time of payment.

EXERCISE 55

For Oral Work

1. You drew a draft payable 30 da. after date on W. K. Darling, in favor of Isaac B. Langley.

a. State your entry when you draw the draft.
b. State the drawee's entry when he accepts the draft.
c. Will the acceptance need to be dated? Why?

2. You accepted J. E. Keating's draft at 10 days' sight, in favor of Wells & Warriner.

a. State your entry.
b. When does a draft payable *after sight* begin to mature?

3. Your draft at 10 days' sight for $200, drawn on The Geo. B. Furman Company, in favor of yourself, for the invoice of Jan. 15, has been received, accepted.

a. State your entry.
b. Will the acceptance of The Geo. B. Furman Company on the above draft need to be dated? Why?

4. The draft in Example 3 was taken to the bank and discounted 8 da. before maturity.

a. The draft is payable to *the order of myself.* Shall you need to indorse it? Why?
b. State your entry when you discount the acceptance.
c. State the entry of The Geo. B. Furman Company when they pay their acceptance at maturity.

QUESTIONS ON TIME DRAFTS

1. Explain the difference between drafts payable *after date* and drafts payable *after sight.* 2. What is meant by the term *acceptance?* 3. To what ledger account will the acceptances of other people be posted? 4. To what ledger account will our own acceptances be posted? 5. When does an acceptance need to be dated? Why? 6. Will banks take unaccepted drafts for collection? 7. When a bill of goods is sold

and a time draft is drawn for all or a part of the sum, what is the proper method of treating the draft? 8. Will banks discount unaccepted drafts? 9. Give the drawee's entry when he accepts a time draft drawn upon him. 10. Give the drawer's entry when a time draft with three distinct parties is drawn. 11. How do the entries of the drawer of a time draft compare with the entries of the drawer of a sight draft? Why? 12. Give the payee's entry when he receives an accepted time draft to apply on account. 13. Give the payee's entry when he receives payment for an acceptance at maturity. 14. Are sight drafts ever accepted? Why? 15. Are days of grace allowed on sight drafts in your state? on time drafts? 16. An acceptance matures on Sunday. In your state when should it be paid? 17. When, in your state, should notes and acceptances maturing on July 4 be paid? on February 22, if that date occurs on Saturday?

EXERCISE 56

A Written Review

1. Paid by check Arthur S. Harrington's sight draft on you, dated Birmingham, Ala., Aug. 5, in favor of Horace C. Nelson, of your city, for $425.

a. Write the draft and the check.

b. Make the entry for each party.

2. On Feb. 2, Roger P. Mills, Oakland, Cal., accepted your draft at 60 days' sight, dated Jan. 29, in favor of yourself, for $900. The draft is payable at Alliance National Bank.

a. Write the draft and show the acceptance.

b. Show the maturity of the draft.

c. Make the entry for each person when the draft was accepted.

d. Make the entry for each person when the draft was paid at maturity.

Note. When the time of a note or a draft is expressed in months, calendar months (i.e. without regard to the exact number of days in each month) are used to determine the date of maturity; but when the time is expressed in days, the exact number of days is used.

A note or a draft due two months from date matures on the corresponding day of the second following month, provided there is a sufficient number of days in that month to make this possible. If there is not, it is due on the last day of that particular month.

Example. Notes and drafts dated Jan. 28, 29, 30, or 31, and payable one month after date, would each mature on Feb. 28, except in leap year; but if payable 30 da. after date, they would be due Feb. 27, 28, and March 1 and 2, respectively.

In most states the added day for leap years is not counted. For example, a note or a draft payable 30 da. after Feb. 25 in any leap year is due March 27, instead of March 26, as would be the case if the extra day were counted.

3. On Feb. 1 you sold F. B. Norton, Buffalo, N.Y., on his acceptance at 60 da., 150 doz. cotton hose at $2.50. The draft drawn on the date of the sale, payable 60 da. after date, was received, accepted, on Feb. 5.

a. Write the draft and show the acceptance.

b. Make your entry for the draft.

4. On Feb. 6 you bought of Mechanics National Bank by check a draft, No. 7521, on the Puritan National Bank, New York City, for $96.24, and remitted it to S. G. Metzer & Co., Cincinnati, Ohio, in full of account. Exchange on draft, 10¢.

a. Write a check on Mechanics Bank to cover the draft and the exchange.
b. Write the New York draft. A. Turner, Cashier.
c. Make your entry.

5. On Feb. 20 you remitted your sight draft on Williams & King, Lansing, Mich., in favor of Goodwin Bros., in payment of an invoice of Feb. 18, less 5% discount. Face of the draft, $190.

a. Find the face of the invoice.
b. Write the draft.
c. Make your entry.

6. Write these drafts on paper cut to the proper size:

a. Your sight draft on Chas. S. Snell, Dover, Del., for $122.50, in favor of J. B. Thompson.

b. Your sight draft on Wm. S. Drake, Topeka, Kan., for $240, in favor of yourself.

c. Your draft on C. H. Spring, Nashville, Tenn., for $300, in favor of S. M. Kline, payable 30 da. after date. Show C. H. Spring's acceptance.

d. Your draft on Davis & Berry, Creston, Iowa, for $75, in favor of yourself, payable 30 da. after sight. Show Davis & Berry's acceptance.

TEST QUESTIONS ON DRAFTS

1. Are drafts ever interest-bearing? 2. Under what circumstances would you offer a bank sight paper (*a*) for collection? (*b*) for deposit? 3. Would the banks of your city readily accept for deposit or for collection any paper with your restrictive indorsement upon it? Why? 4. When will a draft drawn payable 10 da. after date mature in your state if the date of it is Feb. 19, 1904? 5. What is the drawee's entry when he prepays a time draft instead of accepting it? 6. As a rule, do banks make any charge for cashing bank drafts? 7. What negotiable paper considered thus far may, under any circumstances, be treated as cash?

EXERCISE 57

OPENING DOUBLE-ENTRY BOOKS

The following exercises illustrate the opening of double-entry books when the proprietor begins business with both resources and liabilities.

The student is requested to give special attention to these exercises, as they illustrate the opening entries that will be used in subsequent sets.

a. W. D. Fain began the Jobbing Furniture business July 1, with the following resources and liabilities:

Cash in drawer, $2500
Merchandise, per inventory, $1600
Jas. R. Milem's note, $500
Interest accrued on the above note, $12
Real estate, store and lot, $5000
Expense, per inventory, $125
Office furniture, safe, books, etc., $460
The following owed him on account:
Wm. K. Duffey, $1240
F. E. Bush, $400
C. O. Bond, $300
He owed the following on account:
Ralph Dewey, $400
Arthur Lehan, $1600
His note in favor of Chas. B. Hawley, $1387
Discount on the above note to maturity, $10.95

The following is the entry for these resources and liabilities:

MADISON, WIS., JULY 1, 19—

	I, W. D. Fain, have this day begun the Jobbing Furniture business with the following resources and liabilities:					
		Resources				
C.B.	Cash	On hand	2500			
	Mdse.	Per inventory	1600			
	Bills Rec.	Per bill book	500			
	Interest	Accrued on above	12			
	Real Estate	Store and lot	5000			
	Expense	Per inventory	125			
	Office Fixtures	Safe, etc.	460			
	Wm. K. Duffey	Owes on account	1240			
	F. E. Bush	Owes on account	400			
	Interest	On bills payable	10	95		
	C. O. Bond	Owes on account	300			
	To W. D. Fain	Total resources			12147	95
		Liabilities				
	W. D. Fain	Total liabilities	3387			
	To Ralph Dewey	Due him			400	
	Arthur Lehan	Due him			1600	
	Bills Pay.	Per bill book			1387	

The cash item should also appear on the left side of the cashbook as follows:

July 1	J.	W. D. Fain	Cash invested	2500			

The cash item is checked *C. B.* in the journal because it has been placed to the debit of the *Cash* account by the above record.

W. D. Fain's account is checked *J.* in the cashbook because this item has been counted in determining the total resources and liabilities in the journal.

On a sheet of journal paper, or on paper ruled in journal form, make entries for the following:

b. Chas. R. Osgood began the Furniture business July 1, with the following resources and liabilities:

Cash in drawer, $1700
Chas. R. Dean's note, $500
Interest accrued on the above note, $10
Merchandise, per inventory, $2600
The following owed him on account:
A. B. Knowlton, $1200
George K. Brown, $150
He owed the following on account:
Foster, Hills & Co., $250
Traver, Bowe & Co., $300
His note in favor of M. B. Hanway, $600
Interest accrued on the above note, $10

c. C. B. Ellis began business July 1, with the following resources and liabilities:

Cash in drawer, $2000
Merchandise, per inventory, $1300
F. M. Everett's note, $1200
Interest accrued on the above note, $19.50
City Water Works stock, $4200
Dividend on above, earned but unpaid, $168
House and lot, 1625 Main Street, $4500
Rent due from tenants, $95
Horse and wagon, $150
He owes Manning & Son on account, $1750
His note in favor of C. O. Bond, $1200
He owes Ellis B. Hanway, on horse and wagon, $75

d. Howard A. Johnson began business July 1, with the following resources and liabilities:

Cash in drawer, $1750
Cash on deposit in The Union Bank, $1278.50
Merchandise, per inventory, $3875.40
He held notes against the following:
John S. Gray, $625
A. S. Coleman, $450; interest accrued, $8.75
Store and lot, $4000
His note in favor of W. A. Brown, $516.50
Interest accrued on the above note, $11.50
He owed the following on account:
Samuel B. Lewis, $265
French & Co., $376.40

e. John D. Rowland began business July 1, with the following resources and liabilities:

Cash in drawer, $975
Cash on deposit in First National Bank, $1845.50
Office fixtures valued at $180
A horse and wagon valued at $280
Merchandise, per inventory, $3246.50
Real estate valued at $1800
20 shares of A. & S. Ry. stock at 96½ per share
His note in favor of Frank Lee, $437.50
Interest accrued on the above note for 60 da.
He owed Lake & Son on account, $275
Lacey & Co. owed him on account, $256.75
H. S. Chapin's note, $375
Discount on the above note to maturity, 30 da.

f. Henry MacLane began business July 1, with the following resources and liabilities:

Cash on deposit in The Union Bank, $2356.70
Merchandise, per inventory, $4623.55
Expense, per inventory, $78.50
Real estate valued at $3450
His note in favor of Henry R. Lete, $356.25
Ralston & Cooper's note, $350
Interest accrued on the above note for 48 da.
A horse and wagon valued at $250
He owed Curtis & Co., on account, $267.40
Peterson & Co. owed him, on account, $237.50

SET V. JOBBING FURNITURE BUSINESS

Object. This set is designed to illustrate the Jobbing Furniture business. A variety of advanced business forms is illustrated and explained, and two new books of record are used. The transactions deal largely with commercial paper, and the actual handling of money is avoided as far as possible. Notes, drafts, and acceptances, and the relations existing between the parties connected therewith, are made a prominent feature of the work.

Books Used. In addition to the books with which the student is already familiar, the bill book and the invoice book are introduced.

Model

Bills

NO.	DRAWEE OR MAKER	DRAWER OR INDORSER	FOR WHAT RECEIVED	WHERE PAYABLE	DATE RECEIVED		DATE DRAWN	
1	J. B. Maxwell		On account	Union Bank	July	1	June	15
2	W. D. Rimbach	J. B. Topham	On account	Union Bank		1		3
3	Walker, Brown & Co.	Student's name	Inv. July 2				July	2

Bills

NO	TO WHOM PAYABLE	FOR WHOSE ACCOUNT	FOR WHAT ISSUED	WHERE PAYABLE	DATE ACCEPTED		DATE DRAWN	
1	Allen & Bailey Furn. Co.		In full of acct.	Union Bank			June	25
2	C. O. Boswell	C. O. Boswell	In full of acct.	Union Bank	June	25		20
3	Derby Mfg. Co.	Derby Mfg. Co	Inv. July 2	Union Bank	July	3	July	3

Bill Book. This book is used for recording all notes or acceptances which are received by the business, or which are issued by the business. It is generally divided into two parts, one for bills receivable and the other for bills payable. When notes or acceptances are received or issued, a full description of the paper should be recorded in the bill book. This book should exhibit the same balances as the *Bills Receivable* and the *Bills Payable* accounts in the ledger.

The **Model Bill Book** given below is self-explanatory. Care should be taken to record in the proper columns the information called for. Complete records for the first three bills receivable and bills payable for the month of July are properly entered in this model.

NOTE. The amounts in the model bill book are for price list No. 1.

Bill Book

Receivable

TIME	DATE DUE		AMOUNT		DATE DISCOUNTED		DATE SENT TO COLLECT		DATE PAID		HOW PAID	REMARKS
			INT.									
30 da.	July	15	500				July	12	July	15	Paid at bank	
30 da.		3	450					2		3	Paid at bank	
30 da.	Aug.	1	883					2	Aug.	1	Paid at bank	

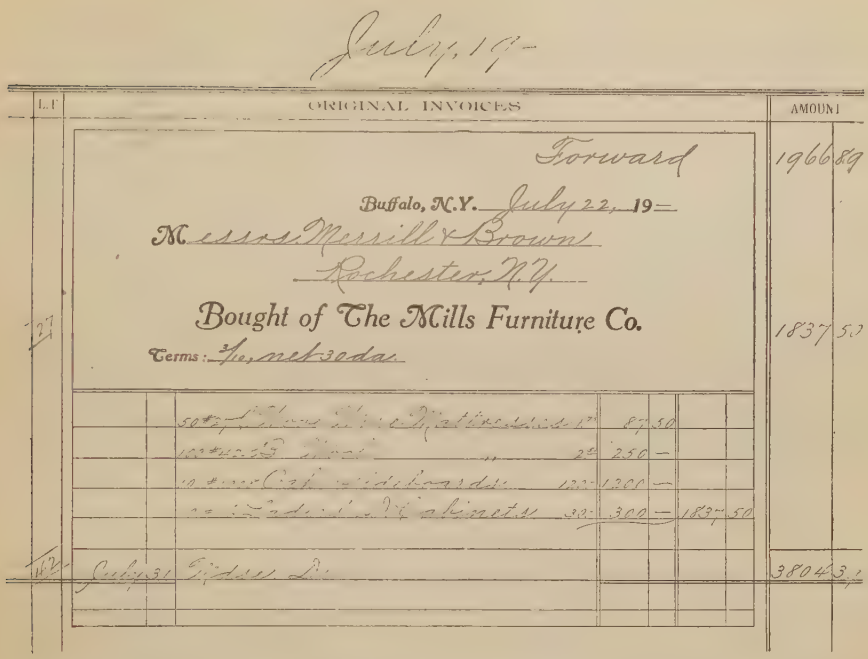
Payable

TIME	DATE DUE		AMOUNT		DATE PAID		HOW PAID	REMARKS
			INT.					
1 mo.	July	25	2500		July	25	Charged at bank	
30 da. sight		25	1000			25	Charged at bank	
10 da. sight		13	1376	90		13	Charged at bank	

Model Invoice Book

July, 19–

L. F.	ORIGINAL INVOICES	AMOUNT
12	Boston, Mass., July 2, 19– Messrs. Merrill & Brown Rochester, N.Y. Bought of Derby Mfg. Co. Terms: 2% 10 days, net 60 days	180 —
14	New York, July 6, 19– Messrs. Merrill & Brown Rochester, N.Y. To Gray, Salisbury & Co., Dr. Terms: Sight draft 10 days for amt. less 3%	642 39
16	Trenton, N.J., July 12, 19– Messrs. Merrill & Brown Rochester, N.Y. Bought of C. W. Allen & Co. Terms: 2%, 1 year net 60 days	1144 50
	q 5932 Empire Toilet Tables 39 351 — c 1008 Oak Sideboards 150 750 — 2 693 Antique Wardrobes 21 43 50 1144 50	
	Forward	1966 89


July, 19–

L.F.	ORIGINAL INVOICES	AMOUNT
	Forward	1966 89
	Buffalo, N.Y. July 22, 19–	
	Messrs. Merrill & Brown	
	Rochester, N.Y.	
27	Bought of The Mills Furniture Co.	1837 50
	Terms: 3/10, net 30 da.	
	50 [illegible] Mattresses 1st 87 50	
	100 [illegible] 2d 250 –	
	10 [illegible] Cabinets 120 1200 –	
	[illegible] Cabinets 30 300 – 1837 50	
42	July 31 [illegible]	3804 3[illegible]

Invoice Book. This book illustrates another form for recording the amounts of all merchandise bought by the business, and takes the place of the purchase book with which the student is already familiar. It is generally made up of original bills. In regular work these bills are received and audited and then pasted into the invoice book. The net amount of each bill is carried to the money columns, which are ruled on the right of each page. In entering items in the invoice book observe the following:

1. Do not allow the edges of the bills to extend into the money column. Invoices coming from different houses will not be of uniform size, and when necessary the edges of some of these bills should be trimmed.

2. Use but little mucilage. Paste the upper and the lower corner of the first bill on each page, but paste only the lower corners of all the other bills, and let them lap over each other as shown in the model invoice book.

3. Place the amount of each bill in the money column *directly* opposite the name of the firm of whom the goods have been purchased.

How to post the Invoice Book. This book is posted in practically the same way as the purchase book. In posting observe the following:

1. Be sure to forward the total of the money column from page to page.

2. At the end of the month, or at such other periods as may seem advisable, post the aggregate of the money column to the debit side of the *Merchandise* account.

3. Post the amount of each bill directly from the invoice book to the credit of the firm of whom the merchandise was purchased.

Cashbook. The cashbook used in this set differs slightly from that used in the preceding sets. A special column is provided on each side for merchandise discounts. A careful study of the following illustration will enable the student to use this book intelligently.

NOTE. The *Mdse. Disc.* column is given a place in the cashbook as a matter of convenience. It shows the deduction on the invoice, and the posting to the credit of the customer's account requires that the net cash received should be added to the Mdse. Disc., to ascertain the amount of the bill settled.

The Mdse. Disc. is not used in proving cash.

Cash Receipts, July, 19—

DATE	F			MDSE. DISC. DR.		GENERAL		TOTALS	
1	J.	J. H. Sampson	Investment			6000			
8	9	J. E. Bender	Inv. 7/7, less 3%	36	16	1169	09		
12	12	C. W. Gray	Inv. 7/5			1240	10		
16	18	Bills Rec.	Moran's note			560			
20	20	Interest	On above			5	60		
25	11	C.O.D. Accounts	C. B. Moore			50			
30	11	J. O. Brown & Co.	Inv. 6/12, less 1%	12	60	1247	40	10272	19
31	14	Mdse. Disc. Dr.	Total for month	*48*	*76*				
								10272	19

The Incoming Business Forms. The list of incoming business forms for July is given on pages 151 to 154. If the set is written without using the tablet of printed incoming forms, it will be necessary for the student to prepare them before he begins to write the set.

After these forms are written, they should be placed in the envelope marked *Incoming Business Forms*, and withdrawn as they are needed when writing the set.

Whatever plan the instructor may adopt, either using business practice or writing the set as a study of the theory of bookkeeping only, this material is immediately at hand for reference, for class drills and discussion, for reviews during the progress of the set or when the set is finished.

This plan of the text does away with the necessity of using a pad of vouchers which are wholly independent of the text.

Cash Payments, July, 19—

DATE	F			MDSE. DISC. CR.		GENERAL		TOTALS	
1	10	Expense	Rent			150			
1	10	Expense	Office safe			250			
1	10	Expense	Insurance			120			
3	13	J. O. Moran	Sight draft paid			200			
6	16	Cobb, Bates & Co.	Inv. 7/6, less 2%	24		1176			
9	18	C. W. Allen & Co.	Inv. 7/6, less 2%	17	40	852	60		
16	10	Expense	Telegram			1			
16	10	Expense	Stationery, etc.			4	50		
18	15	Bills Pay.	Accept. favor King			900			
20	8	J. K. Levy & Co.	Draft favor Brown & Co.			1100			
21	20	Stoddard & Co.	Inv. 7/10, less 2%	24		1176			
23	15	Bills Pay.	Note favor Ellis Mfg. Co.			500			
25	20	Interest	On above note			5			
26	10	Expense	Salaries to date			120			
27	21	Mdse.	Freight and cartage			50		6605	10
31	14	Mdse. Disc. Cr.	Total for month	*65*	*40*				
31		*Balance*	*In safe, 67.09; bank, 3600*					*3667*	*09*
								10272	19

Selling Price Lists for July and August

	ARTICLE AND DESCRIPTION	1	2	3	4	5
No. 3116	Antique Card Table	$19.75	$13.50	$15.00	$17.50	$24.00
" 2546	Antique Library Rocker	12.00	29.25	11.75	22.00	13.50
" 693	Antique Wardrobe	25.75	27.50	29.50	28.75	22.90
	Blue Chenille Curtain	5.00	5.00	5.00	5.00	5.00
" 16 B	Brass Easel	15.00	15.00	11.75	13.00	12.00
" 635	Brass Bedstead	22.50	24.00	21.50	23.00	21.69
" 15	Cane-seat Dining Chair	2.25	1.85	1.75	2.22	2.69
" 59 A	Cheval Glass	21.25	21.99	22.00	20.50	19.75
" 71 A	Child's Crib	15.75	9.50	16.79	15.65	18.50
" 10	China Closet	25.00	24.50	39.00	19.90	14.50
" 20	Corner Chair	26.00	26.00	26.00	26.00	26.00
" 245	Cedar Chest	11.00	19.00	9.50	9.65	6.25
" 16 A	Complete Dining-room Set	110.00	98.00	90.50	110.00	95.00
" 572	Drawing-room Suite	100.00	152.25	175.00	125.00	92.50
" 170	English Clothes Pole	5.50	4.10	3.60	3.15	3.15
" 5932	Empire Toilet Table	50.00	39.75	33.75	39.75	27.00
" 3016	Fancy Rocker	10.00	10.00	10.00	8.50	9.75
" 36 B	Gentleman's Chiffonier	10.00	9.00	17.25	22.50	15.90
" 6387	Hall Settle	23.25	19.25	21.00	22.00	17.75
" 16 K	Leather-seat Dining Chair	9.50	9.00	7.50	9.50	8.00
" 169 C	Library Table	25.00	23.75	21.50	15.00	39.00
" 91	Lace Curtain	6.00	6.00	6.00	6.00	6.00
" 16	Lady's Dressing Cabinet	40.00	23.50	35.00	39.50	38.50
" 835	Music Cabinet	5.00	9.00	10.00	6.00	3.00
" 50	Mahogany Parlor Table	21.25	20.00	19.25	15.00	12.50
" 626	Mahogany Office Chair	16.50	17.25	19.00	13.50	11.75
" 396	Mahogany Hall Stand	65.00	65.00	65.00	65.00	65.00
" 89	Mahogany Chamber Set	80.00	75.00	112.50	60.00	149.50
" 1008	Oak Sideboard	195.00	145.00	135.00	120.00	117.50
" 2229	Oak Dining Table	12.25	12.00	10.00	15.00	12.75
" 73	Oak Writing Desk	10.00	14.75	18.59	15.00	11.50
" 68	Oak Bookcase	9.75	9.75	9.75	9.75	9.75
" 76 A	Oak Chamber Set	14.25	14.25	14.25	14.25	14.25
" 687	Ornamental Table	5.25	12.00	10.00	9.50	4.50
" 20 D	Parlor Cabinet	37.00	43.50	50.00	65.00	35.00
" 821	Parlor Lamp	16.00	10.00	9.50	7.50	11.50
" 176 C	Piano Chair	17.00	9.00	6.00	9.50	13.00
" 57	Reclining Couch	28.00	21.00	21.50	17.50	14.50
" 17 A	Roman Chair	18.75	18.75	18.75	18.75	18.75
" 73	Sofa Bed	38.00	15.50	19.75	20.00	21.00
" 5926	Secretary Book Cabinet	92.00	137.50	139.50	75.00	65.00
" 65	Turkish Rocker	24.75	22.00	25.00	15.00	18.00
" 27 C	Woven-wire Mattress	3.25	3.00	2.50	4.00	5.00
" 16	Wool Mattress	4.00	3.00	3.00	2.75	2.90
" 495	White Iron Bedstead	5.00	4.00	5.00	5.50	6.50

Selling Price Lists for July and August

6	7	8	9	10	11	12	13
$19.00	$16.50	$20.50	$23.20	$24.00	$15.00	$18.50	$19.50
12.25	17.00	22.00	13.25	12.00	19.25	26.00	27.25
24.50	26.75	28.00	29.00	27.50	29.50	24.00	30.00
5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
13.50	12.25	14.00	14.50	17.00	11.00	12.75	14.75
22.00	23.50	22.50	20.00	21.50	21.75	22.25	23.25
2.10	2.45	1.90	2.45	2.50	1.80	2.20	2.00
21.00	21.25	22.00	22.50	19.00	20.50	21.50	19.50
15.00	12.70	14.50	13.75	10.40	12.70	18.00	18.50
24.00	26.50	17.75	19.50	14.00	12.80	32.50	24.50
26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00
11.50	9.75	10.00	9.50	7.75	16.00	15.50	12.50
105.00	97.50	112.50	95.00	100.00	90.00	94.50	110.00
97.50	100.00	115.00	102.50	92.50	120.00	135.00	137.50
4.00	5.20	3.65	3.00	4.25	5.00	5.25	3.50
32.50	50.00	40.00	42.50	35.00	27.50	27.00	36.50
8.00	10.00	8.50	9.00	9.50	8.25	9.25	10.25
15.00	12.50	13.50	17.50	16.00	11.50	12.50	22.00
17.50	23.25	21.00	17.75	22.50	19.75	18.50	17.00
9.00	7.20	8.50	7.50	8.40	9.50	8.00	7.00
23.50	25.00	27.50	29.00	31.00	32.50	22.50	19.00
6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
35.00	25.00	27.00	33.50	38.00	25.00	34.00	39.20
5.50	6.00	5.00	7.00	6.50	9.00	10.00	8.75
20.00	21.25	19.50	13.00	15.50	17.50	19.25	15.00
15.00	12.60	16.40	14.50	18.50	17.00	15.00	11.50
65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00
95.00	140.00	87.50	90.00	100.00	75.00	110.00	105.50
150.00	125.00	145.00	120.00	135.00	137.50	120.00	160.00
12.00	16.00	10.50	13.25	11.00	13.20	11.00	13.20
13.00	17.50	11.00	14.00	10.50	12.40	18.00	17.00
9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75
14.25	14.25	14.25	14.25	14.25	14.25	14.25	14.25
6.50	7.00	5.00	4.50	8.00	7.50	9.00	10.00
40.00	37.50	50.00	52.50	60.00	62.00	65.00	63.50
8.00	7.50	12.50	15.00	13.50	12.00	10.50	14.00
10.00	12.00	14.50	9.50	8.50	13.00	11.00	9.50
20.00	27.00	18.00	14.50	16.20	15.90	21.50	25.00
18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75
22.00	35.00	21.20	24.60	30.50	22.70	16.25	28.00
100.00	96.00	125.00	132.50	91.50	124.00	110.00	112.50
21.00	16.25	14.75	24.20	18.75	19.40	22.50	23.00
3.50	4.00	3.75	4.50	5.00	5.50	2.50	3.25
3.00	4.00	2.90	3.25	2.70	3.20	4.00	3.00
5.00	4.00	6.00	4.50	5.25	6.25	4.25	6.20

Selling Price Lists for July and August

ARTICLE AND DESCRIPTION		14	15	16	17
No. 3116	Antique Card Table	$21.60	$13.50	$16.50	$20.00
" 2546	Antique Library Rocker	14.50	18.00	26.00	17.50
" 693	Antique Wardrobe	25.00	26.00	25.00	27.50
	Blue Chenille Curtain	5.00	5.00	5.00	5.00
" 16 B	Brass Easel	12.50	16.00	13.00	15.00
" 635	Brass Bedstead	21.00	20.50	24.00	21.50
" 15	Cane-seat Dining Chair	1.75	1.95	2.00	2.90
" 59 A	Cheval Glass	23.00	23.50	21.50	24.25
" 71 A	Child's Crib	16.75	16.40	15.75	17.25
" 10	China Closet	27.50	30.00	25.00	33.60
" 20	Corner Chair	26.00	26.00	26.00	26.00
" 245	Cedar Chest	14.25	10.75	11.20	15.00
" 16 A	Complete Dining-room Set	88.50	94.25	106.00	91.50
" 572	Drawing-room Suite	96.50	99.50	152.25	125.00
" 170	English Clothes Pole	3.60	4.20	4.30	5.40
" 5932	Empire Toilet Table	34.00	28.50	40.00	37.50
" 3016	Fancy Rocker	10.00	9.75	8.00	9.50
" 36 B	Gentleman's Chiffonier	20.00	21.50	16.40	21.20
" 6387	Hall Settle	17.50	20.00	17.50	19.00
" 16 K	Leather-seat Dining Chair	8.75	9.50	9.50	7.70
" 169 C	Library Table	25.00	35.00	25.50	23.00
" 91	Lace Curtain	6.00	6.00	6.00	6.00
" 16	Lady's Dressing Cabinet	32.00	30.00	34.00	31.50
" 835	Music Cabinet	4.50	7.00	5.50	7.00
" 50	Mahogany Parlor Table	21.00	18.00	20.00	17.50
" 626	Mahogany Office Chair	12.00	15.50	12.50	14.50
" 396	Mahogany Hall Stand	65.00	65.00	65.00	65.00
" 89	Mahogany Chamber Set	112.50	125.00	85.00	142.00
" 1008	Oak Sideboard	150.00	130.00	125.00	147.50
" 2229	Oak Dining Table	14.00	12.50	12.50	14.90
" 73	Oak Writing Desk	15.50	16.50	13.75	17.50
" 68	Oak Bookcase	9.75	9.75	9.75	9.75
" 76 A	Oak Chamber Set	14.25	14.25	14.25	14.25
" 687	Ornamental Table	9.50	8.50	10.00	7.50
" 20 D	Parlor Cabinet	45.00	47.50	50.00	43.50
" 821	Parlor Lamp	16.00	10.00	8.25	10.50
" 176 C	Piano Chair	7.00	10.00	9.50	13.00
" 57	Reclining Couch	27.50	20.50	21.40	27.90
" 17 A	Roman Chair	18.75	18.75	18.75	18.75
" 73	Sofa Bed	16.00	19.75	22.50	31.50
" 5926	Secretary Book Cabinet	75.00	65.00	80.00	90.00
" 65	Turkish Rocker	20.00	23.75	22.00	16.60
" 27 C	Woven-wire Mattress	4.20	2.50	2.75	3.45
" 16	Wool Mattress	2.90	3.00	2.90	4.00
" 495	White Iron Bedstead	5.50	4.70	4.90	4.40

Selling Price Lists for July and August

18	19	20	21	22	23	24	25
$15.20	$22.00	$21.50	$24.00	$23.50	$18.00	$19.50	$22.50
22.00	16.00	24.00	19.00	28.20	21.60	26.40	30.00
26.00	24.00	29.00	28.00	22.50	27.50	22.90	25.00
5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
15.40	11.50	14.20	16.25	13.25	12.00	13.40	14.50
20.00	23.00	21.00	21.40	23.50	21.75	22.25	20.50
1.80	2.30	1.90	2.40	2.30	1.70	1.95	2.25
23.00	20.00	19.00	19.50	23.50	19.75	22.00	22.50
15.40	10.70	12.40	13.75	16.20	9.90	11.75	12.90
37.50	17.50	18.50	26.70	24.90	23.20	15.00	17.20
26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00
7.50	6.75	8.90	14.20	18.00	12.60	13.75	14.50
96.40	100.00	89.50	92.00	98.00	97.50	109.20	107.00
100.00	160.00	142.50	94.50	102.50	99.50	110.00	120.00
3.90	3.75	4.60	4.40	5.50	4.20	3.10	3.35
27.50	35.00	29.50	33.50	28.00	35.50	45.00	50.00
10.00	9.75	8.50	9.25	10.50	8.25	10.25	9.00
22.00	23.00	15.40	13.90	12.50	9.90	10.50	11.80
21.00	22.50	23.25	20.00	19.75	17.75	20.50	23.00
6.45	9.20	8.80	7.60	9.30	9.50	8.50	9.00
27.00	22.50	30.00	31.50	28.00	21.00	17.50	35.00
6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
24.50	23.90	26.20	32.00	39.00	37.50	39.00	40.00
9.50	8.00	5.00	10.00	8.50	6.50	4.50	7.50
16.00	19.25	15.50	18.50	21.25	17.00	16.25	20.50
16.00	17.20	11.70	19.20	18.60	17.50	13.30	14.75
65.00	65.00	65.00	65.00	65.00	65.00	65.00	65.00
130.00	117.50	94.40	97.50	124.00	101.75	109.00	114.20
122.50	165.00	175.00	127.50	162.50	180.00	187.50	190.00
16.20	12.75	10.80	11.40	13.65	14.75	11.50	10.50
14.65	11.50	10.80	13.75	15.60	18.50	17.90	15.60
9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75
14.25	14.25	14.25	14.25	14.25	14.25	14.25	14.25
9.50	8.25	7.75	9.20	11.00	10.50	7.20	6.50
32.50	28.20	31.50	43.50	52.00	57.50	60.00	35.50
9.75	12.25	11.50	13.20	8.75	7.50	11.20	14.25
14.20	15.00	12.50	9.60	7.80	10.50	15.25	16.00
24.20	21.00	25.20	14.90	13.80	17.60	20.50	26.75
18.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75
23.90	17.70	16.90	26.25	27.50	19.40	20.00	22.50
88.40	97.50	101.00	74.20	81.80	135.00	127.50	92.20
15.50	24.80	16.75	23.90	22.60	23.20	18.80	17.90
4.15	3.65	4.40	5.25	4.80	3.90	3.35	4.15
3.80	2.95	3.90	3.25	3.15	3.65	3.00	4.00
6.60	4.25	5.35	6.40	6.60	5.25	5.10	4.75

Buying Prices for July and August

ARTICLE AND DESCRIPTION			
No.	3116	Antique Card Table	$14.50
"	2546	Antique Library Rocker	9.00
"	693	Antique Wardrobe	21.75
		Blue Chenille Curtain	4.00
"	16 B	Brass Easel	12.50
"	635	Brass Bedstead	15.75
"	15	Cane-seat Dining Chair	1.50
"	59 A	Cheval Glass	15.25
"	71 A	Child's Crib	11.50
"	10	China Closet	17.25
"	20	Corner Chair	20.00
"	245	Cedar Chest	8.50
"	16 A	Complete Dining-room Set	78.00
"	572	Drawing-room Suite	75.00
"	170	English Clothes Pole	3.50
"	5932	Empire Toilet Table	39.00
"	3016	Fancy Rocker	7.50
"	36 B	Gentleman's Chiffonier	7.50
"	6387	Hall Settle	16.50
"	16 K	Leather-seat Dining Chair	6.50
"	169 C	Library Table	20.00
"	91	Lace Curtain	4.50
"	16	Lady's Dressing Cabinet	30.00
"	835	Music Cabinet	4.00
"	50	Mahogany Parlor Table	15.25
"	626	Mahogany Office Chair	12.50
"	396	Mahogany Hall Stand	43.00
"	89	Mahogany Chamber Set	60.00
"	1008	Oak Sideboard	150.00
"	2229	Oak Dining Table	9.75
"	73	Oak Writing Desk	7.50
"	68	Oak Bookcase	7.50
"	76 A	Oak Chamber Set	11.00
"	687	Ornamental Table	4.00
"	20 D	Parlor Cabinet	25.00
"	821	Parlor Lamp	13.00
"	176 C	Piano Chair	12.50
"	57	Reclining Couch	21.00
"	17 A	Roman Chair	15.00
"	73	Sofa Bed	30.00
"	5926	Secretary Book Cabinet	65.00
"	65	Turkish Rocker	18.00
"	27 C	Woven-wire Mattress	1.75
"	16	Wool Mattress	2.25
"	495	White Iron Bedstead	3.75

Incoming Business Forms for July

A tablet, separate from the text, containing all the incoming business forms, is available for writing this set when business practice is used. A list of the forms is given herewith, so that the text affords all material for writing the set if business practice is omitted. These forms also afford an opportunity for the study of the set as a whole before writing it, thus meeting a requisite for adequate drill work, whether business forms are used or not.

If the set is written without using the business practice, blank invoice forms may be used for the invoice book, in recording the merchandise bought; these blanks may be secured of the publishers.

Twenty-five selling price lists are available for this set, and each one may be used in connection with the business forms, whether business practice is used or not.

Let the instructor assign to each student a price list, and if business practice is used, he should be given the necessary blank forms.

In all the following invoices the student is represented as the purchaser.

Form 1. Note of J. B. Maxwell, dated City, June 15, drawn in your favor, payable at The Union Bank 30 da. after date, with interest at 6%, $500.

Form 2. J. B. Topham's draft in his own favor, on W. D. Rimbach, City, transferred to you by full indorsement. Draft is for $450 and is dated City, June 3, payable at The Union Bank 30 da. after date.

Form 3. Bill of Thorp, Martin & Thorp, 798 Franklin St., City, dated July 1. Terms: cash, less 2%. Items as follows:

4 M Letterheads at $2	1 Ledger, $6
2 M Envelopes at $1.50	1 Journal, $3
1 M Billheads, $2	1 Cashbook, $3.50
2 gro. Steel Pens at 75¢	1 Sales Book, $3
1 qt. Writing Fluid, 75¢	1 Bill Book, $1.50
1 doz. Pencils, 30¢	1 Invoice Book, $1

Deduct the discount on the bill and receipt it.

Form 4. Invoice of Cobb, Bates & Co., 62 Portland St., City, dated July 3. Terms: 3/10, net 30 da. Items as follows:

9 #5932 Empire Toilet Tables	10 #76 A Oak Chamber Sets
12 #36 B Gentleman's Chiffoniers	5 #1008 Oak Sideboards
5 #16 Lady's Dressing Cabinets	6 #693 Antique Wardrobes

Form 5. Invoice of Derby Mfg. Co., 17 Portland St., City, dated July 3. Terms: draft at 10 da. for the amount of the bill, less 2%. Items as follows:

4 #20 D Parlor Cabinets
4 #169 C Library Tables
10 #3116 Antique Card Tables
5 #89 Mahogany Chamber Sets
10 #16 A Complete Dining-room Sets

Deduct the discount on the bill, as a draft will be attached when it comes into your possession.

Form 6. Draft of Derby Mfg. Co., dated City, July 3, payable at 10 days' sight, on you, in favor of themselves, for the net amount of the above bill.

Form 7. J. O. Moran's sight draft, dated City, July 5, on you, in his own favor, $200.

Form 8. Check of J. E. Bender, dated Troy, July 8, on Traders National Bank, in your favor, $1169.09.

Form 9. Invoice of W. H. Stearns & Co., Chicago, Ill., dated July 9. Terms: 30-da. draft for one half of the bill; balance in 60 da. Items as follows:

100 #15 C. Dining Chairs
100 #16 K L. Dining Chairs
10 #2229 O. Dining Tables
20 #626 M. Office Chairs
20 #3016 Fancy Rockers
5 #2546 Ant. Lib. Rockers

Form 10. W. H. Stearns & Co.'s draft, dated Chicago, Ill., July 9, payable 30 da. after date, on you, in favor of themselves, for one half the amount of the above invoice.

Form 11. Your draft at 30 da. from July 5 on Samuel W. Bradley, Bedford, in favor of yourself, accepted, for $840.25.

Acceptance is dated July 5.

Form 12. Samuel W. Bradley's draft, dated Bedford, July 12, at 30 da. from date, on J. E. Farley, City, in favor of himself, for $179. Transferred to you by full indorsement.

Form 13. A bank draft drawn by Traders National Bank, Springfield, on Chemical National Bank, New York, July 10; drawn payable to G. H. Ingalls & Co., A. B. Turner, Cashier, for $1085.19. Transferred to you by full indorsement.

Form 14. Invoice of C. W. Allen & Co., Trenton, N.J., dated July 9. Terms: 2/30, net 60 da. Items as follows:

24 #27 C Woven-wire Mattresses
24 #16 Wool Mattresses
10 #71 A Child's Cribs
24 #495 White Iron Bedsteads
50 #635 Brass Bedsteads

Form 15. Invoice of William Leavens & Co., 32 Canal St., New York City, dated July 11. Terms: sight draft in 10 da. for the amount of the bill, less 2%. Items as follows:

12 #73 Oak Writing Desks
15 #68 Oak Bookcases
3 #5926 Sec. Book Cabinets
6 #396 Mahogany Hall Stands

Deduct the discount.

Form 16. Stoddard & Co.'s draft, dated City, July 14, on you, in favor of themselves, at 15 da. from date, for $400.

Form 17. E. F. Green & Co.'s draft, dated Bangor, July 14, on H. B. Claflin & Co., City, in your favor, at 30 da. from date, for $400.

Form 18. Invoice of Randall Mfg. Co., 126 East 123d St., New York City, dated July 8. Terms: 3/10, 1/30, net 60 da. Items as follows:

10 #57 Reclining Couches
50 #65 Turkish Rockers
5 #73 Sofa Beds

Form 19. Invoice of S. T. Udell & Co., Chicago, Ill., dated July 16. Terms: sight draft in 20 da. Items as follows:

19 #50 M. Parlor Tables
11 #10 China Closets

Form 20. William Leavens & Co.'s sight draft, dated New York City, July 20, on you, in favor of themselves, for the net amount of Form 15.

Form 21. *C.O.D.* envelope. Get $50 of the instructor and place it in the envelope. Data as follows: Cash inclosed, $50. Goods were shipped by you to Chas. B. Lyman, Springfield, July 17.

NOTE. An envelope containing the required amount of cash will be found in the back part of the tablet of Incoming Business Forms. If business practice is used and the incoming business forms are not used, get the cash of the instructor.

Form 22. Check of David E. Teeter, dated City, July 23, on Traders National Bank, in your favor, for $1291.95.

Form 23. M. N. Overman's draft on Rogers, Peet & Co., Buffalo, in favor of himself, dated Albany, July 13, payable at 30 days' sight, for $469.39. Accepted July 15. Transferred to you by full indorsement.

Form 24. New York draft, dated City, July 24, drawn by The Union Bank on Chemical National Bank, in your favor, Chas. H. Palmer, Cashier, for $319.72.

Form 25. Invoice of C. W. Allen & Co., Trenton, N.J., dated July 23. Terms: 2/30, net 60 da. Items as follows:

17 #572 B Drawing-room Suites 5 #59 A Cheval Glasses

Form 26. Stoddard & Co.'s sight draft, dated City, July 27, on you, in favor of themselves, for $150.

Form 27. Bill of the Metropolitan Carting Co., dated City, July 28. Items as follows:

July 3, Cartage, $12.25
10, Cartage, 9.50; Freight, $126.50
13, Cartage, 7.50; Freight, 54.20
26, Cartage, 3.75

Receipt the bill as follows: Metropolitan Carting Co.

Form 28. Receipted bill of the Consolidated Gas and Electric Light Co., City, dated July 29. Terms: cash, less 5%. Items as follows:

Meter at current date, 8200 cu. ft.
Meter at last settlement, 2000 cu. ft.
Gas consumed, 6200 cu. ft., at $1.20 per 1000

Deduct the discount before receipting the bill. In receipting, sign the name of the gas company, per your initials.

Memoranda of Transactions for July

July 1

You begin a Jobbing Furniture business at 269 Causeway St., with the following resources and liabilities:

Resources

J. B. Maxwell's note, dated June 15, in your favor, payable at The Union Bank 30 da. after date, with interest at 6%, $500; interest accrued on the above note to date, $1.33.

Discount on bills payable, $4.

Accepted draft, dated June 3, payable at The Union Bank 30 da. after date, $450. This draft is drawn by J. B. Topham, in his own favor, on W. D. Rimbach and transferred to you by full indorsement.

The stock of furniture of the late Allen & Bailey Furniture Co., as per schedule on file, $7150.

Cash on hand, $6200.

Store and lot, 269 Causeway St., as per warranty deed on file, $7000.

Office fixtures, etc., as per schedule on file, $450.

Two horses, harness, delivery wagon, etc., valued at $450.

The following persons owe you: J. E. Bender, Troy, $1350; Samuel W. Bradley, Bedford, $750; E. F. Green & Co., Bangor, $400.

Liabilities

Your note at 1 mo. from June 25, in favor of Allen & Bailey Furniture Co., payable at The Union Bank, for $2500, with interest at 6%; interest accrued, $2.50.

Discount on bills receivable, 15¢.

C. O. Boswell's draft at 30 days' sight, dated New York City, June 20, on you, in his own favor, for $1000. You accepted it June 25, payable at The Union Bank.

You owe the following persons on account: J. O. Moran, City, $2100; Paine Manufacturing Co., Bedford, $350; Stoddard & Co., City, $4750.

NOTE. The ledger title for the store and lot is *Real Estate;* for the schedule of office supplies, *Office Fixtures;* for horses, harness, and delivery wagon, *Horse & Wagon.*

The *Interest* account and the *Discount* account will be united in one account under the title *Interest.*

Make the opening journal entry; enter the *cash* item in the cashbook also. Record the notes in the bill book.

Write the *note* and the *draft* given in the *liabilities*, and hand them in.

Did you remember to check the cash item in the opening journal entry in both the cashbook and the journal? How are they checked?

In opening a set of books it is always necessary to find the present value of the notes on hand and outstanding, in order to determine the *actual* net investment.

The item of $4 under interest on the list of resources is for 24 days' discount on the acceptance in favor of C. O. Boswell. The draft is not interest-bearing, so it will not be worth its face value until maturity. Computing the discount for 24 da., it is found that a cash payment of $4 less than the face will cancel the acceptance July 1. Since *Bills Payable* must be credited for the face of the draft, the discount is treated as an available resource.

In like manner it is found that W. D. Rimbach's acceptance is worth 15¢ less than its face value on July 1. *Bills Receivable* must be debited for the face of the acceptance, and *Interest* credited for 15¢ to offset the overcharge of resources.

Take J. B. Maxwell's note, Form 1, and W. D. Rimbach's acceptance, Form 2, and place them in the *Unpaid Bills* envelope. The warranty deed, the schedule of property on hand, etc., are assumed to be on file, and you will make no reference to them at this time.

Apply to the instructor for the cash investment.

Deposit in The Union Bank all the cash on hand except $100.

The bank account will be kept in the same manner as in the introductory work. An envelope for filing the checks drawn, and for making the monthly bank statement, will be found in the package of business forms. The left stub of the check book may be used for recording any important memoranda.

Pay by check the bill of Thorp, Martin & Thorp, for books, stationery, etc., Form 3.

Place the bill in the *Paid Bills* envelope.

Secure from the Manhattan Fire Insurance Co. a policy of insurance for $12,000 on the store, the goods, and the fixtures at $1\frac{1}{3}\%$ premium.

Pay the *premium* by check in favor of Chas. M. Shaw, general agent for your place. Charge *Expense*.

The policy, it is assumed, was received and filed yesterday.

Note. A policy of insurance is simply an insurance company's contract with the insured. Such a contract covers usually the following:

Premium paid by the insured.
Term of insurance.
Amount of insurance.
Description of the property insured.
Extent of the company's liability, etc.

This agreement is signed usually by the president and the secretary of the company as well as by the local agent of whom you obtained it.

Engage Harry K. Sutton at $60 and Harvey L. Grant at $50 per month as salesmen; Michael Donovan at $30 per month as delivery man; Daniel L. Coon and Geo. W. Ainsley at $48 and $40 per month, respectively, as upholsterers and finishers.

A memorandum of the above may be made by the student and filed with the incoming papers.

THINGS TO OBSERVE IN WRITING LETTERS ORDERING GOODS

1. Arrange the items one on a line.
2. Give shipping directions in out-of-town orders.
3. In case of a first order:
   a. Give satisfactory references.
   b. State how you intend to pay.
4. When you name prices, state at what point you expect the goods f.o.b.
5. Always be definite with regard to the quality and the quantity of the articles ordered.
6. If it is a special order, state the purpose for which the goods are intended.
7. State, if necessary, when the goods must reach you.

Model Letter for ordering Goods

Hartford, Conn., July 1, 19—

Mr. Harold M. Bates
136 Main Street
Detroit, Michigan

Dear Sir:

Please ship the following goods, subject to your best cash discount:

10 #5926 Secretary Book Cabinets
15 #396 Mahogany Hall Stands
20 #73 Oak Writing Desks
10 #57 Reclining Couches
50 #65 Turkish Rockers
25 #68 Oak Bookcases
5 #73 Sofa Beds

I am permitted to refer you to the First National Bank, of this city, as to my business standing.

Yours truly

George M. Lawrence

Write letters, ordering the following goods:

1. Of Cobb, Bates & Co., 62 Portland St., City, the goods outlined in Form 4.

Give references and ask for their best cash discount.

NOTE. In this set no entry will be made at the time of ordering goods. Almost all of the orders are sent to out-of-town firms, and sufficient time is allowed to elapse for the student to receive the invoice and the goods before making any entry.

2. Of William Leavens & Co., 32 Canal St., New York City, the goods outlined in Form 15.

Offer to honor their sight draft in 10 da. for the amount of the bill less the regular discount for payments within 10 da.

As you are a stranger to this firm, give New York City references.

3. Of C. W. Allen & Co., 46 Merrimac St., Trenton, N.J., the goods outlined in Form 14.

You have had dealings with this firm before and expect their regular terms.

4. Of Derby Manufacturing Co., 17 Portland St., City, the goods outlined in Form 5.

Ask them to allow you their usual discount, and to draw on you for the amount of the bill at 10 da. from date.

5. Of W. H. Stearns & Co., Chicago, Ill., the goods outlined in Form 9.

Tell them that you will honor their 30-da. draft for one half the bill, and will pay the balance in 60 da.

Cancel your indebtedness to Paine Manufacturing Co., Bedford, by a sight draft on Samuel W. Bradley of the same place.

Write a letter of remittance and send it with the above draft to Paine Manufacturing Co. Also write a letter to Samuel W. Bradley, notifying him of the draft you have drawn on him at sight. Make the journal entry.

The following suggests what the letters should contain.

I

Boston, Mass., May 25, 19—

O. M. Behrns & Co.
Syracuse, N. Y.

Gentlemen:

Inclosed find a sight draft on K. P. Shedd of your city, drawn in your favor, for Three Hundred Fifty (350) Dollars, in full settlement of account to date.

Very truly yours
E. R. Gaylord & Co.
per *M.*

II

Boston, Mass., May 25, 19—

Mr. K. P. Shedd
Syracuse, N. Y.

Dear Sir:

We have this day drawn upon you at sight, in favor of O. M. Behrns & Co., of your city, for Three Hundred Fifty (350) Dollars.

Very truly yours
E. R. Gaylord & Co.
per *M.*

JULY 2

David E. Teeter, 360 Main St., City, orders the following goods. The order is filled at the prices given herewith:

10 #5932 E. Toilet Tables at $50 — 3 #89 M. Chamber Sets at $80
1 #16 A C. Dining-room Set at $110 — 2 #1008 O. Sideboards at $195
1 #396 Mahogany Hall Stand at $65

Terms: 3/5, 1/30, net 60 da.

Note. The space allowed for recording the terms of sale on a bill is generally limited, and bookkeepers find it necessary to use symbols and abbreviations to indicate them. The following list explains the meanings of the abbreviations for terms used in this work.

Net 30 da. means that the bill is to be paid in thirty days without discount.

1/30 means that 1% discount will be allowed if the bill is paid within thirty days.

3/10, net 30 da., means that 3% discount will be allowed if the bill is paid within ten days, or the amount of the bill will be due in thirty days without discount.

Benj. P. Freeman & Co., 924 East St., City, order the following goods:

12 #170 Eng. Clothes Poles	12 #495 W. Iron Bedsteads
5 #245 Cedar Chests	25 #821 Parlor Lamps

Fill the order. Terms: sight draft in 10 da., less 3%.

Make out the bill, have it approved by the instructor, and then copy it into the sales book. Deduct the discount on the bill and in the sales book also. Draw a sight draft in favor of yourself, dating it 10 da. ahead. Write *To be given to the bank July 12* on a slip of paper, pin the slip to the draft, and place both in the *Business Cash* envelope. Make no entry for the draft until July 12.

Note. Some business men prefer to wait until the 10 da. have expired before drawing the draft. It is considered better, however, to draw the draft at the time of billing the goods, since the matter may be overlooked if it is deferred 10 da.

Walker, Brown & Co., Albany, order:

5 #20 D Parlor Cabinets	10 #835 Music Cabinets
24 #176 C Piano Chairs	15 #821 Parlor Lamps

Fill the order. Terms: draft at 30 da. from date.

The goods called for in the above order will be sent by freight, and it will be necessary for you to prepare a *bill of lading* and the duplicates, the *shipping order*, and the *memorandum*.

Study carefully the following illustration and the explanation. This is a new feature of your work; be sure you understand it thoroughly.

In the box of business forms there is a pad of bill of lading blanks, and full instructions for using this form.

Use the pad marked *Straight Bill of Lading*.

BILLS OF LADING

As a means of serving the convenience of both the shippers and the railway companies, the Interstate Commerce Commission approved a uniform bill of lading, for general use, June 27, 1908. This approval applies to two forms of the bill of lading as follows: the *straight* bill of lading and the *order* bill of lading.

Model Bill of Lading

Uniform Bill of Lading—Standard form of Straight Bill of Lading approved by the Interstate Commerce Commission by Order No. 787 of June 27, 1908

THE COMMERCIAL TRANSPORTATION CO.

STRAIGHT BILL OF LADING—ORIGINAL—NOT NEGOTIABLE

Shipper's No. _____

Agent's No. _____

RECEIVED, subject to the classifications and tariffs in effect on the date of issue of this Original Bill of Lading,

at Springfield, Mass. July 5, 19—,

from C. H. Williams the property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned and destined as indicated below, which said Company agrees to carry to its usual place of delivery at said destination, if on its road, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, herein contained (including conditions on back hereof) and which are agreed to by the shipper and accepted for himself and his assigns.

The Rate of Freight from _____

to _____ is in Cents per 100 lbs.

IF Times 1st	IF 1st Class	IF 2d Class	IF Rule 25	IF 3d Class	IF Rule 26	IF Rule 28	IF 4th Class	IF 5th Class	IF 6th Class	IF Special per	IF Special per

(Mail address—Not for purposes of Delivery)

Consigned to Jas. V. Masten & Co.

Destination Buffalo State of N. Y. County of _____

Route _____ Car Initial _____ Car No. _____

NO. PACKAGES	DESCRIPTION OF ARTICLES AND SPECIAL MARKS	WEIGHT (Subject to Correction)	CLASS OR RATE	CHECK COLUMN
100	Roman Chairs	1000		
100	Fancy Rockers	2000		
50	Cedar Chests	1750		

If charges are to be prepaid, write or stamp here, "To be prepaid"

Received $_____ to apply in prepayment of the charges on the property described hereon.

Agent or Cashier

Per _____

(The signature here acknowledges only the amount prepaid)

Charges Advanced:

$_____

C. H. Williams Shipper Geo. M. Lintz Agent

Per _____ Per _____

(This Bill of Lading is to be signed by the shipper and agent of the carrier issuing same)

Model Memorandum (*Heading*)

For use in connection with the Standard form of Straight Bill of Lading approved by the Interstate Commerce Commission by Order No. 787 of June 27, 1908

THE COMMERCIAL TRANSPORTATION CO.

THIS MEMORANDUM is an acknowledgment that a Bill of Lading has been issued and is not the Original Bill of Lading, nor a copy or duplicate, covering the property named herein, and is intended solely for filing or record.

Shipper's No. _____

Agent's No. _____

RECEIVED, subject to the classifications and tariffs in effect on the date of the receipt by the carrier of the property described in the Original Bill of Lading,

at Springfield, Mass. July 5, 19—.

from C. H. Williams the property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned and destined as indicated below, which said Company agrees to carry to its usual place of delivery at said destination, if on its road, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, herein contained (including conditions on back hereof) and which are agreed to by the shipper and accepted for himself and his assigns.

The Rate of Freight from _____

to _____ is in Cents per 100 lb.

IF Times 1st	IF 1st Class	IF 2d Class	IF Rule 25	IF 3d Class	IF Rule 26	IF Rule 28	IF 4th Class	IF 5th Class	IF 6th Class	IF Special per	IF Special per

Model Shipping Order (*Heading*)

For use in connection with the Standard form of Straight Bill of Lading approved by the Interstate Commerce Commission by Order No. 787 of June 27, 1908

THE COMMERCIAL TRANSPORTATION CO.

THIS SHIPPING ORDER must be legibly filled in, in ink, in indelible pencil, or in carbon, and retained by the agent.

Shipper's No._____

Agent's No._____

RECEIVE, subject to the classifications and tariffs in effect on the date of issue of this Shipping Order,

at Springfield, Mass., July 5, 19—,

from C. H. Williams the property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned and destined as indicated below, which said Company agrees to carry to its usual place of delivery at said destination, if on its road, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, herein contained (including conditions on back hereof) and which are agreed to by the shipper and accepted for himself and his assigns.

The Rate of Freight from_____

to_____ is in Cents per 100 lb.

IF Times 1st	IF 1st Class	IF 2d Class	IF Rule 25	IF 3d Class	IF Rule 26	IF Rule 28	IF 4th Class	IF 5th Class	IF 6th Class	IF Special per_____	IF Special per_____

NOTE. Bills of lading were lacking in uniformity until a final decision of the Interstate Commerce Commission regarding them was secured. Previous to this they were so varied in size and form as to occasion much confusion and a consequent loss of time.

To obviate these difficulties, business men appealed to the Interstate Commerce Commission to issue an order that would require a uniform bill of lading for all shipments.

This request resulted in many conferences between the shippers, the transportation companies, and the Commission, with the result shown in the form of the bill of lading illustrated herewith.

The straight bill of lading is drawn up in a set of three papers, duplicates being made by using carbons, as follows: the straight bill of lading, original; the memorandum, an acknowledgment that a bill of lading has been issued; the shipping order. *This form is not negotiable*, and must be printed on white paper. The shipping order is signed by the shipper only, while the others are signed by both the shipper and the agent of the railway company. The shipping order is left with the agent; the bill of lading is sent to the purchaser of the goods; the memorandum is retained by the seller. The goods may be delivered to the purchaser without his surrender of the bill of lading.

The order bill of lading is also drawn up in a set of three papers, but in this form the bill of lading must be printed on yellow paper and the duplicates on blue paper. The order bill of lading is negotiable by indorsement, and is extensively used in the shipping of freight that is not to be delivered until it is paid for.

When the order bill of lading is used, the shipment is termed a **Shipper's Order,** and is recorded as a *C.O.D.* account.

When an order bill of lading is used, it is customary to draw a sight draft, attach it to the bill of lading, and make the collection through a bank. The name of the bank is written after *Consigned to Order of*, and the name of the consignee after *Notify*. The consignee cannot get the

bill of lading until he pays the draft, and he cannot get the goods until he surrenders the bill of lading. For this reason, the shipper's order is a C.O.D. transaction.

The bill of lading must be used in connection with all out-of-town shipments, the *straight* bill of lading for general orders, and the *order* bill of lading for all orders that are not to be delivered until the goods are paid for. Observe this distinction carefully.

Prepare the straight bill of lading and the duplicates; sign the shipping order and the duplicates, and then have the instructor or the freight agent sign the bill of lading and the memorandum. Place the bill of lading with the invoice, inclose both in an envelope addressed to Walker, Brown & Co., and hand it in. The shipping order should be left with the freight agent, and the memorandum placed on file by the shipper.

Draw a draft, in favor of yourself, payable 30 da. from the date of the invoice. Indorse the draft properly and leave it with your bank for collection.

It should be borne in mind that Walker, Brown & Co. have agreed to accept the draft, and it will be honored in due course.

Make no entry in the check book. Some banks make a memorandum entry in the pass book for paper left for collection, but do not extend the amount into the money column.

The straight bill of lading will always be used, unless you are otherwise instructed at the time of the transaction.

Make an entry in the journal in the same way as if the accepted draft were in your possession. Make the proper record in the bill book. Refer to the model bill book, page 140.

Leave W. D. Rimbach's acceptance at the bank for collection.

Indorse it properly and make the necessary record in the *Date Sent to Collect* column of the bill book.

JULY 3

J. E. Bender, Troy, has agreed to honor your sight draft, in favor of Stoddard & Co., for $300.

Write the draft and the letters and hand them in. Make the proper entry in the journal.

The Metropolitan Carting Co. has just delivered to you the goods ordered of Cobb, Bates & Co. on July 1.

Look up the invoice, Form 4. Enter it in the invoice book. (See illustration, page 142.)

THINGS TO BE OBSERVED WHEN ENTERING PURCHASES IN THE INVOICE BOOK

1. In actual business **never** enter a bill in the invoice book until the goods have been received. Sometimes it may happen that more than one bill is sent for the same goods, or perhaps a bill is sent and the goods are not delivered.

2. When the goods have been received, the invoice for the same should be checked.

3. If everything called for in the invoice has been received, then the bill should be compared with the order to find out whether or not you have received the goods you ordered.

4. If the items on the bill agree with the order, next observe if the prices and the terms are what you bargained for.

5. Examine the extensions of the invoice carefully and, if everything is found to be correct, paste the bill into the invoice book.

6. If the checking shows any irregularities on the bill or in the goods received, do not paste the invoice into the invoice book, but hold it, and immediately notify the persons of whom you are purchasing the goods.

The goods ordered of Derby Manufacturing Co. have been delivered.

Look up the invoice, Form 5, and the draft sent with it, Form 6. Enter the invoice in the invoice book. Accept the draft, payable at The Union Bank, and make the journal entry. Record it in the bill book. Place the draft in an envelope, address it, and hand it in.

The deduction of 2% from the face value of this invoice is a *trade discount*, and really amounts to a reduction from the list price. Only the net amount is extended to the money column on the invoice, as this is the selling price of the goods, and this amount is to be posted to the ledger.

This discount appears only on the invoice, as no ledger account is kept with the trade discount.

W. D. Rimbach's acceptance has been collected. Go to the bank and have the amount placed to your credit in the pass book. Make the following record on the left stub of your check book:

July	3	W. D. Rimbach's acceptance collected	450 —

Credit *Bills Receivable* on the left side of the cashbook. Mark the note *Paid* in the bill book.

JULY 5

Pay by check J. O. Moran's sight draft on you, in favor of himself, for $200, Form 7.

Write the check and make the cashbook entry. Hand in all outgoing papers.

Samuel W. Bradley, 126 James St., Bedford, orders the following goods. The order is filled at the prices given herewith.

5 #3116 A. Card Tables at $19.75
6 #687 O. Tables at $5.25
3 #1008 O. Sideboards at $195
5 #169 c Library Tables at $25

Terms: draft at 30 da., in favor of yourself, for the amount of the bill.

Write the draft and have it approved. Inclose the invoice, the bill of lading, and the draft in an addressed envelope, and hand it in. Make no entry for the draft until it has been returned, accepted.

Telegraph Randall Manufacturing Co., 126 East 126th St., New York, ordering:

50 #65 Turkish Rockers
10 #57 Reclining Couches
5 #73 Sofa Beds

Do not use more than twenty words for the message.

Write the telegram and hand it to the instructor for approval. Pay 75¢ charges in currency. Debit *Expense* in the cashbook.

The following suggests the general wording and the form of a telegram:

THE UNION TELEGRAPH CO.

INCORPORATED

15,000 Offices in America — Cable Service to all the World

W. H. ARMISTEAD, President and General Manager

Receiver's No.	Time Filed	Check

SEND the following message subject to the terms on back hereof, which are hereby agreed to. Boston, Mass., July 1, 19–

To Wm. M. Brown & Co.

New York City

Ship fast freight twenty number sixty library tables

Manning, Ball & Co.

READ THE NOTICE AND AGREEMENT ON BACK

THINGS TO BE OBSERVED IN WRITING TELEGRAMS

1. Omit the salutation, the complimentary close, and all superfluous words. Avoid such expressions as, *Ship immediately by American Express*, etc. Here, and in all similar expressions, such words as *immediately, at once*, etc. are entirely unnecessary. A telegram in itself implies urgency.

2. Make all messages as short as possible, but clear and definite. A fixed charge is made for all messages, except those sent by cable, not exceeding ten words, and for every word in excess of that number there is an additional charge. All charges are regulated somewhat by distance.

3. No charge is made for the name and the address of the person who is to receive the message, or for the name of the sender.

4. The sender of a message should never include his street number, when writing his address. A charge is made for everything in the address except the name of the city or the town, the state, and the date. If you are not generally known in a large city or town, give the sending operator your street address, and answers will be delivered promptly, and no additional charge made.

5. Numbers should be written in full, since the charge is the same for a figure as for a word. For example, *Send by fast freight 20 #1000 mahogany library tables* would be counted as fourteen words, while *Send fast freight twenty number one thousand mahogany library tables* would be counted as ten words.

6. Except in a cable message, each part of a compound word is counted as an entire word. For instance, *twenty-five* is counted as two words.

7. Each initial of a name is charged as a separate word; but a few abbreviations are counted as one word; as, f.o.b., C.O.D., A.M., P.M., etc.

8. In cable messages a charge is made for the name and the address of the one to whom the message is sent, and for the signature as well as for the message.

9. Many kinds of cipher language are used to guard the secrecy and reduce the expense of messages. This plan is found very serviceable when the cost of transmission is great, or when very important matters are to be telegraphed without giving information except to those entitled to it. Almost all cable messages are in cipher. To telegraph or cable in cipher, business men employ what is called a *code*, — a system of abbreviations in which a single word stands for a whole phrase or sentence; as, **Autumn** might stand for *Knowlton, Beach & Co., Butleigh, Glastonbury, England*, or *We arrived here this morning*, or any other expression understood by both the sender and the receiver of a telegram or a cable message.

10. All messages of importance should be repeated. For one half the original cost of a telegram the sender of any message can have the receiving operator repeat it to the operator who sent it. Errors in important telegrams are in this way avoided.

11. Night messages are taken at reduced rates. These can be sent at any time after 6 P.M., but they are not delivered until the next morning.

12. Night *letters* will be received not later than midnight, to be transmitted for delivery on the morning of the next business day. Fifty words or less may be sent for the day rate of ten words. Additional charges are made for more than fifty words.

13. Day *letters* will be transmitted at one and one-half times the standard night letter rate for fifty words or less. Additional charges are made for more than fifty words.

JULY 7

J. E. Bender, 127 Main St., Troy, orders:

15 #396 Mahogany Hall Stands 9 #68 Oak Bookcases
10 #76 A Oak Chamber Sets

Fill the order. Terms: 3/5, 2/10, net 30 da.

Prepare the bill of lading as under July 5.

JULY 8

Receive a check from J. E. Bender for the amount of the invoice of July 7, less 3%, Form 8.

Enter the check on the left side of the cashbook. Refer to the second entry in the model cashbook, under cash receipts, page 144. Note the manner of recording the Merchandise Discount.

Merchandise Discount is an allowance for the payment of an invoice within a specified time from its date. It is usually the result of giving optional terms of settlement to the buyer, as *3/10*, *1/30*, *n/60*; that is, a reduction of 3% if payment is made within 10 da., or 1% if paid after the 10 da. and within 30 da., or the face of the bill if payment is made after the 30 da. and within 60 da.

Because the buyer has this option the invoice is billed without reduction, as it is not known which option the buyer will choose. If he pays within the time for which the discount is allowed, a record is made of this discount as a regular entry, under the title *Merchandise Discount.*

JULY 10

The Metropolitan Carting Co. has just delivered the goods shipped to you by W. H. Stearns & Co., Chicago, Ill., Form 9.

Accept the draft, payable at The Union Bank, Form 10, place it in an envelope addressed to W. H. Stearns & Co., and hand it in.

Make the required journal entry, and then record in the bill book.

Samuel W. Bradley, Bedford, returns your draft of July 5, on him, accepted, Form 11, together with an acceptance, Form 12, payable 30 da. from July 12, drawn on J. E. Farley, City, in favor of himself, for $179. Form 12 is transferred to you by full indorsement.

Make a journal entry for each draft, and then record them in the bill book. Each acceptance is journalized under the same name. Place them in the *Unpaid Bills* envelope.

Telegraph S. T. Udell & Co., Chicago, Ill., asking them to ship you by fast freight:

11 #10 China Closets 19 #50 Mah. Parlor Tables

Limit the message to fourteen words. Hand it in, and pay 75¢ charges in currency.

JULY 11

G. H. Ingalls & Co., Springfield, order:

25 #20 Corner Chairs 25 #17 A Roman Chairs

They inclose a New York draft to cover the cost of the order, Form 13.

Fill the order. Terms: cash, less 3%.

Write the invoice, deducting the 3% allowed for cash. Prepare the *straight* bill of lading and the duplicates, in the usual form.

Enter the draft in the cashbook, but do not record the discount, as the persons have been charged in the sales book with only the proceeds of the invoice.

JULY 12

Deposit in the bank the check on hand; also the New York draft and the sight draft on Benj. P. Freeman & Co. Collection $\frac{1}{10}$% on the check.

THE UNION BANK

DEPOSITED BY

LUKE S. WARDEN

July 12, 19—

Please list each check separately

Bills		
Gold		
Silver		
Checks	1140	15
	511	20
	278	75
	1930	10
Less Exchange	1	14
	1928	96

NOTE. Banks usually charge their depositors a small fee for collecting out-of-town checks. There is no uniform custom in charging for checks, sight drafts, and the various other negotiable instruments offered for collection. Nearly always a small charge is made for collecting any paper payable out of town. These charges range from $\frac{1}{10}$% to $\frac{1}{4}$%. As a rule, no charge is made to a regular depositor for collecting paper payable in the city nor to a customer who keeps a large bank account. The student will be instructed when the bank makes any charges.

Make out a deposit ticket and deduct the collection.

Indorse each paper and then enter the deposit in the check book. Debit *Collection & Exchange* for the bank's charges. Credit *Benj. P. Freeman & Co.* for the sight draft in the cashbook, for no entry was made when the draft was drawn.

JULY 12

Leave J. B. Maxwell's note at the bank for collection.

Take J. B. Maxwell's note from the *Unpaid Bills* envelope, indorse it, and then hand it to the bank teller. No record will be made in the pass book until the bank reports the collection.

Discount Samuel W. Bradley's acceptance for the invoice of July 5, and receive credit for the proceeds.

Take Bradley's acceptance from the *Unpaid Bills* envelope, indorse it, and then make out a discount memorandum similar to the following:

Form of Discount Memorandum

DISCOUNT MEMORANDUM

Date July 15, 19—

Discounted for Wm. K. Miner

Maker Roger Williams

Indorser _____

Face, $ 500.00 Interest, $ _____ Total, $ 500.00

Discount 60 da. $ 5.00 Coll., $ _____ Total, $ 5.00

Proceeds, $ 495.00

Compute the discount at 6%.

Pin the discount memorandum and the acceptance together, place them in the pass book, and then hand it to the bank teller, who will give you credit for the proceeds.

Enter the proceeds as a deposit in the check book.

In the cashbook remember to credit the acceptance for its *face* value; debit *Interest* for the discount.

In the bill book, in the *Date Discounted* column, write *July 12.*

Give Cobb, Bates & Co. a check for the invoice of July 3, less the discount allowed for prompt payment.

Write the check, hand it in, and make the entry in the cashbook. The cashbook entry will be the same, except the amounts, as the *fifth* entry in the model cashbook, under payments, page 145.

Receive the goods ordered of C. W. Allen & Co., on July 1, Form 14.

JULY 13

The Metropolitan Carting Co. has delivered the goods ordered of William Leavens & Co.

Look up the invoice, Form 15, and enter it in the invoice book. Note that William Leavens & Co. have deducted the discount on the invoice. You will receive their sight draft on you for the net amount of the invoice in 10 da.

No entry is made for the trade discount. Why?

Remit C. W. Allen & Co. a check for invoice of July 9, less the discount allowed for prompt payment.

Also order the following:

5 #59 A Cheval Glasses 17 #572 Drawing-room Suites

Write the check and have it approved; enter it in the cashbook. Write a letter, inclosing the check and ordering the goods.

Your acceptance in favor of Derby Manufacturing Co., made payable at your bank, is due to-day. The bank charges the amount to your account.

THE CIRCUMSTANCES UNDER WHICH A BANK WILL CHARGE A DEPOSITOR WITH A NOTE OR A DRAFT

1. Banks are not uniform in their practice of charging notes, accepted drafts, etc. In some places, notably in Chicago and several other large Western cities, they require their patrons to meet all such paper by check.

2. The practice followed by some banks is to pay notes, acceptances, etc. out of a firm's deposit, and to charge the depositor the same as they would had he drawn a check. Court decisions and special laws in force in a number of states hold that notes, acceptances, etc. made payable at a bank are orders upon that bank and may be charged to a depositor's account at maturity the same as a regular check.

3. These special laws and decisions are in operation in New York, Massachusetts, Connecticut, and a few other states. In these sections many banks charge notes, etc., to their patrons' accounts at maturity.

Enter the amount in the check book on the *regular* stub, and include this item in the total that is carried forward to the next stub.

Debit *Bills Payable* in the cashbook. Mark the acceptance *paid* in the bill book.

~~July 15~~

~~Your~~ bank has received cash for J. B. Maxwell's note and the interest due to-day.

Enter the sum of the note and the interest as a deposit in the check book.

Accept, payable at your bank, Stoddard & Co.'s draft in favor of themselves, at 15 da. from July 14, for $400, Form 16.

Do not date the acceptance. Why? Make the journal entry, and then record the acceptance in the bill book.

Receive of E. F. Green & Co. a draft drawn in your favor, payable 30 da. from July 14, on H. B. Claflin & Co., City, for $400, Form 17.

Present the draft to the instructor; he will give you directions about having it accepted for H. B. Claflin & Co.

Receive the goods ordered of Randall Manufacturing Co. on July 5, Form 18.

~~July 16~~

Give Randall Manufacturing Co. your check for the amount of the invoice of July 8, less 3%.

July 17

M. N. Overman, 493 King St., Albany, orders:

3 #693 Antique Wardrobes 30 #65 Turkish Rockers
3 #73 Sofa Beds

References are satisfactory and you fill the order. Terms: 3/10, 1/30, net 60 da.

Write the invoice and have it approved, and then record it in the sales book. Place the invoice and the bill of lading in an envelope and hand it in.

Receive a telegraphic order from Chas. B. Lyman, Springfield, for

4 pr. Blue Chenille Curtains 5 pr. #91 Lace Curtains

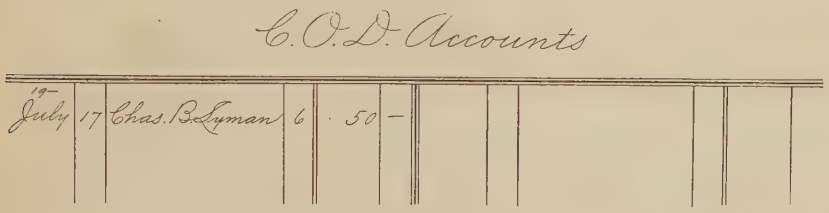
The goods are to be shipped by express C.O.D.

Make out a receipted invoice; enter it in the sales book as follows:

C. O. D. Accounts				
(Chas. B. Lyman, Springfield)				
4 pr. Blue Chenille Curtains	5.00	20	—	
5 pr. #91 Lace Curtains	6.00	30	—	50 —

Place the invoice in a C.O.D. envelope, fill it out properly, and hand it in.

When posting, debit Chas. B. Lyman under *C.O.D. Accounts*, as follows:



JULY 18

Receive the goods ordered of S. T. Udell & Co., Chicago, Ill., on July 10, Form 19.

JULY 19

P. R. Brown, Rochester, orders:

25 #635 Brass Bedsteads 25 #6387 Hall Settles

Fill the order, subject to the order of The Union Bank.

DRAFT WITH BILL OF LADING ATTACHED

For the convenience of shippers when the responsibility or the credit of the buyer is limited or when his business standing is unknown, railway and steamship companies have provided a way whereby goods may be sent by freight so that the buyer cannot obtain possession of them without first paying for them. This method is commonly known among business men as *Shipper's Order*, and is analogous to C.O.D. shipments in the express business, as explained in the transaction of July 17.

Throughout the text, transactions of this kind will be entered as C.O.D. accounts.

In this shipment it will be necessary to make out an *order* bill of lading. This form is described and illustrated on pages 159 to 162. Observe the following directions:

After the words *Consigned to order of*, write *The Union Bank*, and on the line following write *your address*.

After *Notify*, write *P. R. Brown*, and on the line following write *Rochester, N. Y.*

Write a sight draft for the amount of the invoice, indorse it to The Union Bank, attach it to the bill of lading, and then leave it with the bank for collection.

Send the invoice to your customer in the usual way.

Enter in the sales book as a *C.O.D.* item. See script illustration under July 17.

HOW THE COLLECTION WILL BE MADE BY YOUR BANK

Your bank will indorse both the draft and the bill of lading, and send them to its correspondent at Rochester.

When the Rochester bank receives the draft it will notify Brown. If he pays it, the bank will give him the freight receipt, which receipt, when properly indorsed and given to the transportation company, will give him access to the goods.

Transportation companies will not deliver goods without obtaining an order bill of lading, for they would thereby render themselves liable to the shippers should the consignee not pay for the goods.

JULY 22

Pay William Leavens & Co.'s sight draft, in favor of themselves, for the amount of the invoice of July 11, Form 20.

Verify the amount of the draft by comparing it with the amount of the invoice in the *invoice book*. If correct, write a check for it. Make the cashbook entry. Write *Paid* across the face of the draft and keep it as a receipt.

Receive returns for the C.O.D. shipment of July 17, Form 21.

Take the money out of the *C.O.D.* envelope and place it in the *Business Cash* envelope. (If the Incoming Business Forms are used, the envelope containing the currency will be found in the back of the tablet.)

Enter in the cashbook as follows:

Left Side

22	C.O.D. Accounts	Chas. B. Lyman		50 ~

~~JULY~~ 23

Receive a check of David E. Tecter, in full for the invoice of July 2, less 1%, Form 22.

Examine the check and verify the amount; if correct, make the cashbook entry.

Receive of M. N. Overman, Roger, Peet & Co.'s acceptance at 30 da. from July 15, to apply on account, $469.39, Form 23.

The draft has 22 da. yet to run, so it is not worth its face value. The discount for 22 da. at 6% should be deducted. Make the journal entry, and then record in the bill book. Do not mark it *Discounted* in the bill book, but enter the draft at its face value.

JULY 24

Write a letter to J. K. Levy & Co., 27 East 126th St., New York, ordering:

15 #693 Antique Wardrobes 319.72

Inclose a New York draft for the amount, less 2%. Buy the draft by check. Exchange, 30¢.

Write a check to cover the draft and the exchange. The form of this check is given on page 123.

Take the New York draft, Form 24, and indorse it. Debit *J. K. Levy & Co.* in the cashbook for the face of the draft, and debit *Collection & Exchange* for the amount of the exchange.

Inclose the draft in a letter.

When a remittance is sent with an order, the amount may have been determined by previous correspondence, or by reference to prices quoted in a catalogue issued by the firm.

JULY 25

Your acceptance in favor of C. O. Boswell, and your note with interest for one month, in favor of Allen & Bailey Furniture Co., have been charged to your account at the bank.

Make the entries in the cashbook and the check book. Refer to a similar transaction under July 13. Mark the notes *Paid* in the bill book.

Chas. B. Sherman, 23 West Ave., Rochester, orders:

50 #15 Cane-seat Dining Chairs
25 #16 K Leather-seat Dining Chairs
3 #2229 Oak Dining Tables
16 #3016 Fancy Rockers

References are satisfactory and you fill the order. Terms: sight draft in 30 da. for the amount of the bill, less 1%.

Prepare the usual bill of lading. Place the invoice and the bill of lading in an addressed envelope and hand it in.

Draw a sight draft, dating it ahead 30 da., in favor of yourself, for the amount of the bill, less 1%. Have the draft approved and place it in the *Business Cash* envelope. Do not count this draft in proving cash.

The Metropolitan Carting Co. has delivered to you the goods ordered of C. W. Allen & Co. on July 13, Form 25.

Draw cash for private use, $75.

Take $75 from the *Business Cash* envelope and place it in the *Personal Cash* envelope.

~~JULY 27~~

Pay by check Stoddard & Co.'s sight draft, in favor of themselves, for $150, Form 26.

Place the draft in the *Paid Bills* envelope.

Deposit the check and all the cash on hand.

Make the proper indorsements before offering any paper for deposit

David E. Teeter, City, placed the following order with you over the telephone this morning. The order is filled at the prices given herewith:

15 #16 B Brass Easels at $15 19 #68 Oak Bookcases at $9.75
5 #20 D Parlor Cabinets at $37

Terms: 3/5, 1/30, net 60 da.

Pay by check the bill of the Metropolitan Carting Co. for freight and drayage to date, $213.70.

Examine the bill, Form 27. Debit *Merchandise* for the amount.

NOTE. *Merchandise* is charged for the freight and cartage because such an expenditure is made for handling the goods bought and sold.

JULY 29

Pay by check gas bill for the month, $7.07, Form 28.

Pay by checks salaries to date, as follows:

Harry K. Sutton	$60	Michael Donovan	$30
Harvey L. Grant	50	Daniel L. Coon	48
	Geo. W. Ainsley	$40	

Write the checks and have them approved. Charge *Expense* in the cashbook. Enter the five checks as one item.

~~JULY 30~~

Your acceptance of July 15 in favor of Stoddard & Co., made payable at the bank, has been charged to your account.

Make the entries in the cashbook and the check book. Mark the note *Paid* in the bill book.

The reason for charging notes to a depositor's account is set forth on page 169.

CLOSING THE WORK FOR JULY

The student should now proceed to close the month's work as follows:

1. The monthly bank statement should be made.

2. Prove the cash, and balance and post the cashbook. (See model, pages 144 and 145.)

In posting from the cashbook observe the following:

a. In debiting or crediting a personal account when a discount has been allowed, be guided by the following form:

Williams, Dowd & Co.

19—							19—					
		Discount	42									
July	1	N.Y. draft	2058	9	2100		June	28	I. B.	6	2100	
								30	I. B.	9	592	60
							July	15	I. B.	16	1241	60

b. Post only the totals of the *Merchandise Discount* columns. The total of the column on the left side should be posted to the debit of *Merchandise Discount* in the ledger, because that column shows the aggregate discounts allowed to others for prepaying their bills during the month of July. The total of the column on the right side should be posted to the credit of *Merchandise Discounts*, because that column shows the aggregate discounts allowed to you for prepaying bills during the month of July.

3. In posting, allow one page for your account, one half page each for all property accounts, and one third of a page for all accounts receivable and all accounts payable.

Accounts Receivable is a term applied to the total amount due the business on personal accounts; *Accounts Payable* is a term applied to the total amount owed by the business on personal accounts. (The Proprietor's account is not included.)

These terms, Accounts Receivable and Accounts Payable, are to be used in making trial balances and statements in subsequent work; the result of using them is to shorten both the trial balance and the statement.

Another advantage of using the terms suggested in the preceding paragraph is to give information in concrete form. The important fact shown by these accounts in the statements is the amount due the business on account, and the amount owed by the business on account, as single items, rather than as a list of the individual debtors and creditors.

Information presented in concrete form is always a desirable feature in bookkeeping.

Note. Blank ruled pages are provided at the beginning of the ledger for an index. Observe the following directions in preparing the index.

List all titles from the ledger alphabetically.

In each individual name write first the surname and then the Christian name; for example, Burton, John L.

Illustrations for writing firm names: Brightwood & Co., John H.; Cobb, Bates & Co.; Sherwood & Son, Henry L.

Write on every other line, and place the page number of the account immediately after the name.

When an account is transferred to a new page in the ledger, the number of this page should be written just after the number of the page on which the account was first written, as follows: Merchandise, 4, 76, etc. The last number indicates the page on which the open account may be found, and the series of page numbers enables the bookkeeper to refer to any page on which the account stands.

Any new accounts that may be opened in the ledger should be written in the index at once.

4. Rule, foot, and post the sales book and the invoice book.

5. Post the journal.

6. Prove the bill book.

Note. To prove the bill book, find the total of the uncanceled Bills Receivable. This sum should agree with the balance of the *Bills Receivable* account in the ledger.

In like manner find the total of the unredeemed Bills Payable, and this sum should agree with the balance of the *Bills Payable* account in the ledger.

7. Prepare monthly statements of the customers' accounts. Place them in envelopes properly addressed and hand them in for approval. (See form for statement, page 178.)

8. Take a trial balance of the balances of the ledger accounts and hand it to the instructor for approval.

9. Inventory of stock was completed by Harvey L. Grant and Harry K. Sutton yesterday. The following are their figures. Copy in the journal in the usual form, using the buying price for the merchandise.

INVENTORIES, JULY 31, 19—

Merchandise:

5 #3116 A. Card Tables	10 pr. #91 Lace Curtains
17 #2546 A. Library Rockers	5 #16 L. Dressing Cabinets
4 #693 Antique Wardrobes	19 #50 M. Parlor Tables
25 #635 Brass Bedsteads	20 #626 M. Office Chairs
10 #16 B Brass Easels	10 #396 M. Hall Stands
150 #15 Cane-seat Dining Chairs	2 #89 M. Chamber Sets
5 #59 A Cheval Glasses	7 #2229 O. Dining Tables
10 #71 A Child's Cribs	12 #73 Oak Writing Desks
10 #20 Corner Chairs	5 #68 Oak Bookcases
9 #16 A C. Dining-room Sets	5 #20 D Parlor Cabinets
15 #10 China Closets	10 #57 Reclining Couches
17 #572 Drawing-room Suites	12 #73 Sofa Beds
12 #3016 Fancy Rockers	5 #5926 S. Book Cabinets
12 #36 B Gentleman's Chiffoniers	20 #65 Turkish Rockers
10 #6387 Hall Settles	24 #27 C W.-wire Mattresses
250 #16 K L. Dining Chairs	24 #16 Wool Mattresses
5 #169 C Library Tables	12 #495 W. I. Bedsteads

Office Fixtures:		
Cost	$450.	
Depreciation	4.50	$445.50.
Horse and Wagon:		
Cost	$450.	
Depreciation	45.	$405.
Real Estate		$7000.
Expense:		
Unexpired Insurance		$145.

* 10. Make the usual statements.

* The statement forms and the journal method of closing the ledger, as illustrated in Appendix G, may be used at the option of the instructor.

The form of the loss and gain statement is changed for this set. The following suggests the form to be used:

Statement of Losses and Gains, July 31, 19—

Mdse.	On hand July 1		7500			
Mdse.	Bought during July		9200			
Freight and Drayage	Bill for July		400			
Mdse.	Sales for July				9650	50
Mdse.	On hand, July 31, per inv.				8690	50
Gain on Mdse.	Carried below		1241			
			18341		18341	
Gain on Mdse.	From above				1241	
Mdse. Disc.	On purchases	150.20				
Mdse. Disc.	On sales	90.20			60	
Interest	Allowed to us	25.50				
Interest	Allowed by us	9.50			16	
Expense	Cost, Dr.	490.				
Expense	Unearned ins.	100.	390			
Coll. and Exch.	Paid		2			
Office Fixtures	Cost, Dr.	430.				
Office Fixtures	Inventory	425.	5			
Horse and Wagon	Cost	250.				
Horse and Wagon	Inventory	224.50	25	50		
Net Gain	*For July*		*894*	*50*		
			1317		1317	

The statement of resources and liabilities is to be made in the same form as in the previous sets.

11. Make out a statement proof or verification.

Statement Proof, July 31, 19—

Student's investment				6000	
Student's withdrawals	250				
Student's net gain per statement				894	50
Student's present worth per statement	*6644*	*50*			
	6894	50	6894	50	

12. Hand the statements and the proof of statement to the instructor for approval.

13. If the statements and the proof are correct, close the accounts showing loss and gain, and then show the proprietor's present worth.

14. Compare the check book with the monthly bank statement.

23643.36

HOW TO COMPARE THE CHECK BOOK WITH THE MONTHLY BANK STATEMENT

1. Arrange the canceled checks in the order of their numbers.

2. Compare each canceled check with the corresponding stub; if they agree as to the number, the date, the amount, to whom given and for what purpose, place a large check mark on the stub.

3. If all the stubs are checked, the balance shown by the check book will agree with the balance shown by the monthly bank statement.

4. If the balances do not agree, find the total of the stubs not checked. This sum should equal the difference between the check book and the balance shown by the monthly bank statement.

NOTE. If, at the time of making this comparison, any outstanding checks of a previous month have been returned, they must be checked with the stubs from which they were detached.

15. Place the canceled checks in the *Paid. Bills* envelope.

16. Pass all books to the instructor for approval.

STATEMENT OF ACCOUNT

Folio 72

Boston, Mass. July 31, 19—

M r. W E Simpson

Beverly, Mass.

In account with Baker, Taylor & Co.

July	6	To Mdse.	150	90		
	17	" "	720	50		
	25	" "	125	70	997	10
July	10	By Mdse returned	15	90		
	17	By Cash	150	—		
	27	" "	500	—	665	90
					331	20

EXERCISE 58

A Written Review

The following review exercises are suggested:

1. Journalize orally or in writing each transaction in the month of July.

All amounts may be omitted, as the value of the exercises is in determining debits and credits.

2. Make the following opening entries, referring to pages 137 and 138 to determine the correct form of entry:

Student begins business this day with the following resources and liabilities:

a. Cash in drawer, $231.40
Deposit in First National Bank, $1674.50
Stock of merchandise valued at $9645.50
The following owe you on account:
Henry A. Pell, $67.50
Morris & Co., $253.10
M. M. Bell, $167.25
Amos T. Young, $76.45
You owe the following on account:
Barber & Co., $56.75
Young & Brown, $100.50
Thos. L. Parr, $25.25

b. Cash in drawer, $325
Deposit in The Union Bank, $2365.10
Store and lot valued at $4200
Stock of merchandise valued at $11,457.20
The following owe you on account:
Warren & Son, $176.25
John K. Lamb, $200
C. H. Hartman, $423.50
D. B. Vance, $153.95
You owe the following on account:
Marshall & Co., $235
Henry Marvel, $310
Chas. L. Burt, $65.70
You hold notes against the following:
H. T. Inman, $125; interest accrued for 60 da.
L. L. Pond, $250; interest accrued for 30 da.
Mason & Son, $230
You have the following notes outstanding:
R. N. Banks, $200; interest accrued for 45 da.
T. S. Little, $100; interest accrued for 75 da.
Alden & King, $75

3. Make the usual statements from the following trial balances:

a. John A. Smart, Prop.	$125.	$10500.
Cash	1165.50	
Merchandise	7796.25	
Expense	250.50	
Real Estate	3005.20	
Bills Receivable	270.45	
Accounts Receivable	1256.10	
Accounts Payable		2645.50
Bills Payable		964.25
Interest	42.10	61.95
Merchandise Discount		89.40
Office Fixtures	150.	
Horse and Wagon	200.	
	$14261.10	$14261.10
Inventories:		
Merchandise	$9857.50	
Real Estate	3000.	
Expense	25.50	
Office Fixtures	145.	
Horse and Wagon	190.	
b. L. S. Woods, Prop.	$150.	$12500.
Cash	1346.20	
Merchandise	9865.45	
Expense	265.	
Real Estate	2500.	
Office Fixtures	210.50	
Horse and Wagon	225.	
Bills Receivable	265.70	
Bills Payable		826.55
Accounts Receivable	1950.75	
Accounts Payable		3625.40
Interest	75.85	
Merchandise Discount	97.50	
	$16951.95	$16951.95
Inventories (Resource):		
Merchandise	$12345.25	
Expense	43.50	
Real Estate	2500.	
Office Fixtures	197.50	
Horse and Wagon	209.75	
Inventory (Liability):		
Merchandise, unpaid freight bill	$110.40	

NOTE. The liability inventory is treated in each statement in just the reverse way from the resource inventory, — as a liability, in the resource and the liability statement. In the loss and gain statement it is subtracted from the resource inventory before finding the gain on merchandise.

PARTNERSHIP

The work for August is a continuation of the work in July.

You are desirous of extending your business, and not having sufficient capital to do so, you have decided to enter into a partnership agreement with Harvey L. Manning.

For the resources enumerated below you admit Harvey L. Manning as an equal partner in your business.

Draw up articles of copartnership between yourself and Manning, embodying the following conditions. (See Form V, Appendix F.)

1. The firm name shall be *Student* & Co.
2. *Student* shall contribute the net resources shown by his July statement of resources and liabilities.
3. Manning shall invest:

Cash	$7000
Merchandise	1500
Account with Foley Bros. due him	5725

4. Each partner shall devote his entire time to the business.
5. Neither partner shall engage in any other business.
6. The gains and the losses shall be divided equally.
7. The partnership shall continue for two years unless sooner dissolved by mutual consent.

Hand the articles of copartnership to the instructor for criticism. If they are correct, he will sign for Harvey L. Manning.

Model for Briefing

ARTICLES OF COPARTNERSHIP
between
Student
and
HARVEY L. MANNING
AUG. 1, 19—

Make a copy of the July statement of resources and liabilities, attach it to the articles of copartnership, fold the sheets together, and in the outer right-hand corner at the top brief as shown in the *Model for Briefing* on this page.

Note. Some business men prefer to make the reference to investments in the articles of copartnership cover merely the net amounts invested in the business by each partner, and then transfer all rights and interests in goods and personal property by means of a bill of sale. However, if the articles of copartnership are drawn up in accordance with the above directions, the bill of sale is wholly unnecessary. Each partner should receive a copy of the articles of copartnership.

Real property cannot be transferred by the ordinary bill of sale nor by articles of copartnership; a deed is necessary. In order not to multiply complicated forms at this point of the work, it is assumed that the student's real estate has been transferred by a warranty deed drawn this day by his attorney, Fred V. Smith, and placed on file in the office of the new firm.

Ordinarily, a business man does not draw up his own warranty deeds, articles of copartnership, etc., but employs an attorney.

When any change in the personnel of a business occurs, all who have had dealings with the house should be notified promptly, by means of circular letters or otherwise. In this case it is assumed that these letters have been written and mailed.

Incoming Business Forms for August

In this connection the student is referred to the instructions given for the business forms in the month of July, page 151.

Remember that the business is now conducted under the firm name of *Student* & Co.

Form 29. Check of Harvey L. Manning, dated City, Aug. 1, drawn on Traders National Bank, in favor of your firm, for $7000.

Form 30. Invoice of J. K. Levy & Co., New York City, dated July 31. Terms: cash, less 2%.

15 #693 Antique Wardrobes

Deduct the discount from the amount of the invoice; receipt it, per *your initials.*

Form 31. New York draft, dated Olean, Aug. 1, drawn by The Union Bank of Olean, on Chemical National Bank of New York, in favor of M. L. Covey & Co., for $283.72, W. D. Byron, Cashier. Transferred to *Student* & Co. by full indorsement.

Form 32. Draft on your firm by Stoddard & Co., in favor of Curry, Browning & Co., dated City, Aug. 3, payable at 10 days' sight for $1500.

Form 33. Invoice of Cobb, Bates & Co., City, dated Aug. 3. Terms: 3/10, net 30 da. Items as follows:

25 #5932 Empire Toilet Tables 18 #1008 Oak Sideboards
25 #76A Oak Chamber Sets

Remember that all goods bought are now billed to *your firm.*

Form 34. Invoice of Derby Mfg. Co., City, dated Aug. 3. Terms: draft at 10 da. for the amount, less 2%. Items as follows:

5 #16 A Comp. Dining-room Sets 5 #693 Antique Wardrobes
10 #89 Mahogany Chamber Sets

Deduct the 2% discount, but do not receipt the bill.

Form 35. Draft of Derby Mfg. Co., City, on your firm, in favor of themselves, for the net amount of the above invoice, dated Aug. 3, payable at 10 days' sight.

Form 36. Invoice of C. W. Allen & Co., Trenton, N.J., dated Aug. 3. Terms: 2/30, net 60 da. Items as follows:

20 pr. Blue Chenille Curtains 20 pr. #91 Lace Curtains

Form 37. Check of David E. Teeter, City, dated Aug. 6, drawn on Traders National Bank, in favor of *Student* & Co., for $589.30.

Form 38. Bill of Ward, Macey & Co., dated City, Aug. 6, for 1 letter file and cabinet, $65. Terms: cash.

Receipt the bill.

Form 39. Bill of Tracy Coal Co. to Harvey L. Manning, dated Aug. 6, for 3 T. coal at $5. Terms: cash.

Receipt the bill.

Form 40. *C.O.D.* envelope. Data as follows: Cash inclosed, $22. Goods were shipped by your firm to J. W. Clark, Waltham, Aug. 5.

NOTE. Refer to the note under Form 21, page 153.

Form 41. Check of David E. Teeter, City, dated Aug. 9, drawn on Traders National Bank, in favor of your firm, for $1248.87.

Form 42. New York draft, dated City, Aug. 11, drawn by The Union Bank, in favor of your firm, on Chemical National Bank, New York, for $438.55, Chas. H. Palmer, Cashier.

Form 43. Sight draft of S. T. Udell & Co. on your firm for $479.50, dated Chicago, Ill., Aug. 10; drawn payable to W. D. Lapham.

Form 44. Check of J. E. Bender, dated Troy, Aug. 11, drawn on Traders National Bank, in favor of your firm, for $920.95.

Form 45. Draft of J. O. Moran, drawn on your firm, in favor of Geo. L. Jones, dated City, Aug. 13, payable in 60 da. from date, for $1900.

Form 46. Check of Walker, Brown & Co., dated Albany, Aug. 12, drawn on Traders National Bank, in favor of your firm, for $712.95.

Form 47. Check of H. B. Claflin & Co., dated City, Aug. 13, drawn on Traders National Bank, in favor of your firm, for $400.

Form 48. Invoice of C. W. Allen & Co., Trenton, N.J., dated Aug. 14. Terms: 2/30, net 60 da. Items as follows:

50 #176 C Piano Chairs
25 #835 Music Cabinets
20 #6387 Hall Settles
50 #170 English Clothes Poles

Form 49. Invoice of Cobb, Bates & Co., City, dated Aug. 22. Terms: 3/10, net 30 da. Items as follows:

25 #16 L. Dressing Cabinets
25 #36 B Gentleman's Chiffoniers
25 #5932 Empire Toilet Tables

Form 50. Invoice of Fowler Furniture Co., Rochester, dated Aug. 22. Terms: cash, less 2%. Items as follows:

10 #245 Cedar Chests
10 #687 Ornamental Tables
10 #2229 Oak Dining Tables
15 #17 A Roman Chairs

Deduct the discount and receipt the bill.

Form 51. New York draft, dated Springfield, Aug. 24, drawn by The Union Bank of Springfield, on Chemical National Bank, New York, in favor of G. H. Ingalls & Co., for $732.35, A. R. Sheffield, Cashier. Transferred to your firm by full indorsement.

Form 52. Check of Samuel W. Bradley, Bedford, dated Aug. 26, drawn on Traders National Bank, in favor of your firm, for $1587.60.

Form 53. Note of Chas. B. Sherman, Rochester, dated Aug. 25, at 30 da., with interest at 6%, in favor of your firm, for $352.69.

Form 54. Draft of Traders National Bank, Bangor, dated Aug. 26, drawn on Chemical National Bank, New York, in favor of your firm, for $454.06, W. H. Gould, Cashier.

Form 55. Invoice of William Leavens & Co., New York, dated Aug. 27. Terms: sight draft in 10 da., for the amount of the bill, less 2%. Items as follows:

25 #5926 Secretary Book Cabinets
40 #68 Oak Bookcases
50 #396 Mahogany Hall Stands

Form 56. Bill of the Metropolitan Carting Co., City, dated Aug. 31. Items as follows:

Aug.	1, Freight and Cartage,	$24.25
	16, Freight and Cartage,	57.50
	22, Cartage,	8.50
	23, Freight and Cartage,	43.50
	30, Freight and Cartage,	139.50

Receipt the bill.

Memoranda of Transactions for August

August 1

Draw a check in favor of *Student* & Co., on The Union Bank, for the amount of the balance on deposit. Have the check approved, and place it in the *Business Cash* envelope.

This check is drawn in order that the bank account with the student may be closed. Presently this check will be deposited to the credit of the new firm.

Receive Harvey L. Manning's check on Traders National Bank, for the amount of his cash investment, Form 29.

Carry the July balance to a new page in the cashbook. On the first line below the balance, credit Manning for his *cash* investment, $7000.

Indorse the two checks on hand and deposit them in The Union Bank in the name of the new firm. Above the student's name on the pass book write the firm name. Make a memorandum in the journal, setting forth the change in the personnel of the business. Make a journal entry for the merchandise and the personal account invested by Manning.

Remember to check every cash item that is entered in both the journal and the cashbook.

Your bank reports that the draft on P. R. Brown, attached to a bill of lading, has been collected. Collection, $1.

Have the amount entered in the pass book, and record it in the check book. The entry in the cashbook is the same as the entry of the C.O.D. shipment to Lyman, July 22. Debit *Collection and Exchange* for the $1 collection.

The Metropolitan Carting Co. has delivered to you the goods ordered of J. K. Levy & Co. on July 24, Form 30.

Draw a cash check for office expenses, $25.

Ask for $5 in change. Enter in the check book *only*.

Telegraph C. W. Allen & Co., Trenton, N.J., ordering:

20 pr. Blue Chenille Curtains 20 pr. #91 Lace Curtains

Limit the message to fifteen words. Pay the charges in cash, 60¢.

The draft drawn on Walker, Brown & Co., July 2, and left with the bank for collection, has been paid. Collection, 75¢.

The bank teller will make the proper record in your pass book. Enter the amount in the check book and the cashbook.

Make the proper record in the bill book.

August 2

J. E. Bender, Troy, sends the following order. Fill the order at the prices given herewith:

50 #15 C. Dining Chairs at $2.25
10 #16 Wool Mattresses at $4
50 #16 K L. Dining Chairs at $9.50
5 #495 W. Iron Bedsteads at $5
5 #65 Turkish Rockers at $24.75
3 #73 Sofa Beds at $38
3 #626 Mahogany Office Chairs at $16.50

Terms: 3/5, 2/10, net 30 da.

M. L. Covey & Co., Olean, order:

3 #396 Mahogany Hall Stands
2 #68 Oak Bookcases
3 #20 Corner Chairs

Fill the order. Terms: cash, less 3%.

Deduct the discount on the invoice and in the sales book. Prepare the bill of lading as usual.

A New York draft was inclosed in payment of the order, Form 31. Make a cashbook entry for the draft.

Note. But few special instructions will be given to the student for entering the transactions of this month. He is supposed to be sufficiently familiar with the different books and the various transactions recorded therein to proceed without a guide. If in doubt at any time, he should consult the instructor.

Place the following orders over the telephone:

Cobb, Bates & Co., City:

25 #5932 Empire Toilet Tables
25 #76 A Oak Chamber Sets
18 #1008 Oak Sideboards

Derby Manufacturing Co., City:

10 #89 Mahogany Chamber Sets
5 #693 Antique Wardrobes
5 #16 A Complete Dining-room Sets

Note. Some memorandum should be made of each order placed as above. When these orders are frequent, a special order book is used. In this set the memoranda for all orders placed over the telephone may be written on a sheet of paper and filed with the incoming papers.

August 3

Draw a draft, payable at 30 days' sight, on J. E. Bender, for the amount you owe W. H. Stearns & Co.

Make the required journal entry.

Write a letter to W. H. Stearns & Co. and inclose the draft. Also, write a letter to J. E. Bender, informing him of the draft drawn. Refer to similar letters under July 1.

Accept, payable at The Union Bank, Stoddard & Co.'s draft, on your firm, in favor of Curry, Browning & Co., drawn at 10 days' sight, for $1500, Form 32.

Make the journal entry. Record the draft in the bill book, and then hand it in.

You have received the goods, ordered of Cobb, Bates & Co. on Aug. 2, Form 33.

Goods ordered of Derby Manufacturing Co. have been delivered, Form 34.

Accept the draft which they inclosed, payable at The Union Bank, Form 35.

The goods ordered of C. W. Allen & Co., on Aug. 1, have been received, Form 36.

AUGUST 5

A telegraphic order has been received from Henry L. Miller, Providence, for:

15 #5932 Empire Toilet Tables 15 #1008 Oak Sideboards

Fill the order, subject to the order of The Union Bank, less 2%.

Deduct the discount on the invoice, and treat in the same manner as the shipment to P. R. Brown, July 19.

A telegraphic order has been received from J. W. Clark, Waltham, for:

2 pr. #91 Lace Curtains 2 pr. Blue Chenille Curtains

The goods are to be shipped by express C.O.D.

Treat the same as the order of Chas. B. Lyman, July 17.

David E. Teeter, City, has given you the following order over the telephone:

Fill the order at the prices given herewith:

5 #5932 E. Toilet Tables at $50 10 #693 Antique Wardrobes at $25.75
3 #396 M. Hall Stands at $65 3 #1008 Oak Sideboards at $195

Terms: 3/5, 1/30, net 60 da.

AUGUST 6

Receive of David E. Teeter his check, for the invoice of July 27, less 1%, Form 37.

Pay by check Ward, Macey & Co.'s bill for a letter file and cabinet for use in the office, $65, Form 38.

Charge *Office Fixtures.*

Pay by check Charles B. Hanley for sundry repairs, $10.50.

Pay by check Tracy Coal Co.'s bill for coal for private use of Harvey L. Manning, $15, Form 39.

Leave J. E. Farley's acceptance, received July 10, with the bank for collection.

Deposit the check and the New York draft on hand.

August 8

Acceptance in favor of W. H. Stearns & Co. is due to-day, payable at the bank.

In the month of July our notes and acceptances payable at the bank were charged to the depositor's account. This matter was explained under July 13. Hereafter such notes and acceptances will be paid by check, the check being made payable to the payee of the note or the acceptance.

Issue a check in payment.

Enter in the cashbook, and make the usual record in the bill book.

Write a letter to C. W. Allen & Co., Trenton, N.J., ordering the following:

50 #176 c Piano Chairs
50 #170 English Clothes Poles
25 #835 Music Cabinets
20 #6387 Hall Settles

August 9

Benj. P. Freeman & Co., City, order:

5 #10 China Closets
5 #495 White Iron Bedsteads
10 #16 Wool Mattresses
5 #65 Turkish Rockers
2 #5926 Secretary Book Cabinets

Fill the order. Terms: sight draft in 10 da. for the amount, less 3%.

Treat in the same way as their order of July 2.

Walker, Brown & Co., Albany, send in the following order. Fill the order at the prices given herewith:

5 #89 M. Chamber Sets at $80
15 pr. #91 Lace Curtains at $6
5 pr. B. Chenille Curtains at $5
2 #16 A C. Dining-room Sets at $110

Terms: 3/5, net 30 da.

J. B. Cox & Co., Somerville, order:

7 #572 Drawing-room Suites
5 #3016 Fancy Rockers
3 #59 A Cheval Glasses
12 #2546 Ant. Library Rockers

Fill the order. Terms: 20-da. draft for the amount of the bill.

Treat in the same way as the order of Walker, Brown & Co., July 2.

Receive returns, for C.O.D. shipment of Aug. 5, Form 40.

August 10

Receive of David E. Teeter his check for the amount of the bill of Aug. 5, less 3%, Form 41.

August 11

Your bank has collected J. E. Farley's acceptance due to-day.

Take your pass book to the bank and receive credit for the amount.

Leave the acceptance of Rogers, Peet & Co. with the bank for collection; also deposit $20 currency and the check on hand.

You receive frequent calls for a line of furniture manufactured by the Fowler Furniture Co., Rochester. From their catalogue you have made the following selections:

10 #687 Ornamental Tables	10 #245 Cedar Chests
10 #2229 Oak Dining Tables	15 #17 A Roman Chairs

Write a letter, ordering the above goods and inclosing a New York draft to cover the amount, less 2%. Give references and some information about the volume of your business.

The volume of business is shown by the total sales.

Write the check and receive the draft, Form 42. The bank makes no charge for the draft.

August 12

Pay by check S. T. Udell & Co.'s sight draft on you, in favor of W. D. Lapham, $479.50, Form 43.

Receive of J. E. Bender, Troy, his check for the invoice of Aug. 2, less 2%, Form 44.

August 13

Accept J. O. Moran's draft, payable 60 da. from date, in favor of Geo. L. Jones, for $1900, Form 45.

Receive of Walker, Brown & Co. their check for the invoice of Aug. 9, less 3%, Form 46.

Receive from H. B. Claflin & Co. their check, for their acceptance due to-day, Form 47.

Make the following record in red ink across the face of the *draft*, and then hand it in:

Paid in full 8/13
Student & Co.,
per (*Student's* initials).

NOTE. A canceled draft, note, or check should always be kept and filed as a receipt.

Your acceptances, in favor of Curry, Browning & Co. and Derby Manufacturing Co., are due to-day.

Write checks for the payment of these notes, hand them in, and receive the canceled acceptances.

AUGUST 15

Deposit the checks on hand and the currency received from the C.O.D. shipment Aug. 9. Collection on the checks, $1.50.

Your bank informs you that the acceptance of Rogers, Peet & Co., due yesterday, has been collected.

Your bank informs you that the draft on Henry L. Miller has been paid. Collection, $2.

AUGUST 16

The Metropolitan Carting Co. has this day delivered to you the goods ordered of C. W. Allen & Co., on Aug. 8, Form 48.

E. F. Green & Co., Bangor, order the following. Fill the order at the prices given herewith:

15 #176 c Piano Chairs at $17	5 #835 Music Cabinets at $5
15 #170 E. Clothes Poles at $5.50	5 #6387 Hall Settles at $23.25

Rumors are current to the effect that the resources of E. F. Green & Co. are in an unsatisfactory condition, and you think it advisable not to sell them anything on account. Prepare the usual bill of lading. Make a sight draft on E. F. Green & Co., in favor of your firm, for the amount of the invoice, less 5%, and attach it to the bill of lading. Deduct the discount on the invoice and in the sales book. (Refer to the comment on the shipment to P. R. Brown, July 19.)

Indorse the draft to the bank to which it is to be sent. Write a letter, inclose the draft and the bill of lading, and send it direct to Traders National Bank, Bangor, for collection.

E. F. Green & Co. have consented to the terms of this shipment.

AUGUST 17

Your offer to prepay your acceptance in favor of Geo. L. Jones is accepted.

Refer to the bill book for all details regarding this acceptance.

Deduct the discount for the time the acceptance has yet to run, and write a check for the proceeds. Have the acceptance canceled, and keep it as a receipt.

AUGUST 18

Give C. W. Allen & Co. a check for the invoice of Aug. 14, less 2%.

AUGUST 19

Take the draft on Benj. P. Freeman & Co., drawn Aug. 9, from the *Business Cash* envelope, indorse it properly, and deposit it in the bank.

AUGUST 20

Samuel W. Bradley, Bedford, sends in the following order. Fill the order at the prices given herewith:

5 #36 B G. Chiffoniers at $10 — 10 #27 C W.-wire Mattresses at $3.25
150 #16 K L. Dining Chairs at $9.50 — 50 #15 C. Dining Chairs at $2.25

Terms: 3/5, 2/10, net 30 da.

G. H. Ingalls & Co., Springfield, send in the following order. Fill the order at the prices given herewith:

5 #2546 A. Library Rockers at $12 — 5 #635 Brass Bedsteads at $22.50
5 #626 M. Office Chairs at $16.50 — 5 #572 D. Suites at $100

Terms: 3/5, 2/10, net 30 da.

Give Cobb, Bates & Co. the following order over the telephone:

25 #36 B Gentleman's Chiffoniers — 25 #5932 Empire Toilet Tables
25 #16 Lady's Dressing Cabinets

AUGUST 22

Write a letter to William Leavens & Co., New York City, ordering:

50 #396 Mahogany Hall Stands — 40 #68 Oak Bookcases
25 #5926 Secretary Book Cabinets

The Metropolitan Carting Co. has delivered the goods ordered of Cobb, Bates & Co., on Aug. 20, Form 49.

M. N. Overman, Albany, orders:

10 #50 Mahogany Parlor Tables — 10 #10 China Closets

Fill the order. Terms: 3/10, 1/30, net 60 da.

AUGUST 23

Give Cobb, Bates & Co. a check for the invoice of Aug. 22, less 3%.

You and your partner each withdraw from the business, by check, $150.

Hand in Manning's check. Have yours cashed at the bank and put the currency into the *Personal Cash* envelope.

Pay Chas. O. Rigdon, by check, $52.50 for stabling and feeding your horses. Also pay James Lundergan, by check, $9.20 for horseshoeing, etc.

These are *Expense* items.

The Metropolitan Carting Co. has delivered to you the goods ordered of the Fowler Furniture Co. on Aug. 11, Form 50.

August 24

Chas. B. Sherman, Rochester, sends in the following order. Fill the order at the prices given herewith:

5 #5932 E. Toilet Tables at $50 5 #50 M. Parlor Tables at $21.25

Terms: 30-da. note with interest, less 1%.

Deduct the discount on the invoice and in the sales book. The note will be received later; make no entry until it is received.

Take the sight draft on Chas. B. Sherman, dated to-day, from your *Business Cash* envelope, and deposit it in the bank, together with all the cash on hand. Collection on the draft, 50¢.

This draft is for the invoice of July 25.
Enter in the cashbook.

August 25

Receive of G. H. Ingalls & Co. a New York draft, in payment of the invoice of Aug. 20, less 3%, Form 51.

August 26

Receive of Samuel W. Bradley his check, on Traders National Bank, in payment of the invoice of Aug. 20, less 2%, Form 52.

August 27

Receive of Chas. B. Sherman his note, dated Aug. 25, in favor of your firm, for the net amount of the invoice of Aug. 24, Form 53.

Receive a New York draft, from Traders National Bank, Bangor, for the amount of the sight draft on E. F. Green & Co., Aug. 16, less 75¢ collection, Form 54.

The account should be credited in the cashbook for the amount of the invoice in the sales book.

Note. The amount of the draft is the face of the invoice less 75¢. E. F. Green & Co. deducted the collection, and this necessitates a charge on your books for the 75¢, as it was paid by you.

August 30

Deposit the check which you received of Samuel W. Bradley on Aug. 26, and the two New York drafts on hand. The collection on Bradley's check is $1.50.

Your bank informs you that the draft drawn on J. B. Cox & Co., Aug. 9, has been paid. Collection, $1.

The Metropolitan Carting Co. has delivered to you the goods ordered of William Leavens & Co., on Aug. 22, Form 55.

Discount at The Union Bank the note received of Chas. B. Sherman on Aug. 27.

The bank gives you credit for the face of the note.

NOTE. It is customary for many banks to give depositors credit for the face of interest-bearing notes discounted within a few days after they are made. The interest is the compensation received by the bank.

AUGUST 31

Give J. L. Bidwell & Son a check for $125 for one carriage horse.

Charge this to the account of Harvey L. Manning.

Pay by check the bill of the Metropolitan Carting Co., for freight and drayage to date, $273.25, Form 56.

Charge *Merchandise* in the cashbook.

Pay salaries to date by checks as follows:

Harry K. Sutton	$60	Michael Donovan	$30
Harvey L. Grant	50	Daniel L. Coon	48
	Geo. W. Ainsley	$40	

Enter these salaries in the cashbook as one item.

CLOSING THE WORK FOR AUGUST

The student should now proceed to close the work for this month as follows:

1. Have the monthly bank statement made, and compare it with the check book.
2. In posting, allow one third of a page for all new accounts.

As Harvey L. Manning is now one of the proprietors, write his name on the lower half of page 1.

3. Rule, foot, and post the sales book and the invoice book.
4. Prove the cash, and balance and post the cashbook.
5. Prove the bill book.
6. Make out monthly statements for the customers.
7. Make a trial balance of the balances of your ledger accounts, and hand it to the instructor for approval.
8. An inventory of everything on hand has been completed by Mr. Sutton. A statement of it follows. Copy it in the journal in the usual way, computing the value at cost prices.

INVENTORIES, AUGUST 31, 19—

Merchandise:

5 #3116 Antique Card Tables	12 #626 M. Office Chairs
14 #693 Antique Wardrobes	4 #50 M. Parlor Tables
10 #16 B Brass Easels	54 #396 M. Hall Stands
20 #635 Brass Bedsteads	17 #89 M. Chamber Sets
13 pr. Blue Chenille Curtains	20 #835 Music Cabinets
10 #245 Cedar Chests	25 #76 A Oak Chamber Sets
50 #15 Cane-seat Dining Chairs	10 #687 Ornamental Tables
2 #59 A Cheval Glasses	17 #2229 Oak Dining Tables
10 #71 A Child's Cribs	12 #73 Oak Writing Desks
7 #20 Corner Chairs	43 #68 Oak Bookcases
25 #16 A C. Dining-room Sets	5 #20 D Parlor Cabinets
5 #572 Drawing-room Suites	35 #176 C Piano Chairs
25 #5932 Empire Toilet Tables	10 #57 Reclining Couches
35 #170 English Clothes Poles	15 #17 A Roman Chairs
7 #3016 Fancy Rockers	9 #73 Sofa Beds
32 #36 B G. Chiffoniers	28 #5926 Sec. Book Cabinets
25 #6387 Hall Settles	10 #65 Turkish Rockers
50 #16 K L. Dining Chairs	14 #27 C W.-wire Mattresses
5 #169 C Library Tables	4 #16 Wool Mattresses
13 pr. #91 Lace Curtains	2 #495 White Iron Bedsteads

30 #16 Lady's Dressing Cabinets

Office Fixtures:		
Cost	$515.	
Depreciation	5.15	$509.85
Horse and Wagon:		
Cost	$450.	
Depreciation	60.	$390.
Real Estate:		
Cost	$7000.	
Depreciation	350.	$6650.
Expense:		
Unexpired Insurance		$130.

* 9. Make the statements and the verification, and have them approved.

Show the net gain as a total on the loss and gain statement, and the present worth as a total on the resource and liability statement.

10. If the statements are correct, close the ledger.

In closing the *Loss and Gain* account, remember that the net gain is to be divided equally between the partners.

* The statement forms and the journal method of closing the ledger, as illustrated in Appendix G, may be used at the option of the instructor.

c. Close the Proprietors' accounts.

d. Rule the personal accounts that balance.

e. To give your ledger a more finished appearance, close all other accounts by *Balance.*

11. Hand in all books to the instructor for approval.

DISSOLUTION OF PARTNERSHIP

It has been decided to dissolve the partnership existing between yourself and Harvey L. Manning. You dispose of your interest to Manning for the following:

A note at 60 da., with interest at 6%, $7500.

A check for the balance of your present worth as shown by your ledger account after closing, Aug. 31.

Write the note and have the instructor sign for Manning.

Make the journal entry, and then record the note in the bill book.

Write the check for the *balance* of your *present worth.*

Make the cashbook entry. Post both the entries to your account in the ledger and close the account.

Harvey L. Manning is to conduct the furniture business at the old stand under the name of Harvey L. Manning. He is to have the net resources and assume all the liabilities of the old firm.

Draw a check in favor of Harvey L. Manning for the balance of the cash in the bank in the name of the old firm, and hand it in.

It is assumed that your attorney, Fred V. Smith, has drawn up the contract of sale and the warranty deed necessary to transfer the title to all the chattels and the real estate to Manning. These documents, it is assumed, are on file with other important papers.

Consequences of Dissolution of Partnership. The direct consequence of a dissolution of partnership is the necessity of taking effectual steps to close the partnership affairs. Some disposition must always be made of the partnership effects. Sometimes articles of copartnership provide that property on hand shall be taken at dissolution by one of the partners according to a prescribed mode, and in that case the business may be continued without interruption. In this case there was no such agreement, but the partners between themselves entered into an arrangement whereby Manning continues the business and *Student,* for a sufficient consideration, consents to withdraw.

Notice of Dissolution. A dissolution of partnership, so far as it concerns its own members, may be immediate, but with reference to the public the element of notice requires consideration.

When Notice is Unnecessary. A notice of dissolution is unnecessary:

1. When a partnership expires by its own limitation.
2. When a partnership is dissolved by the operation of law.
3. When dissolution occurs by the death of one of the partners.
4. When a dormant, or silent, partner retires.

Manner of giving Notice. A notice of dissolution should be published in one of the usual advertising newspapers of the city in which the business has been conducted. This notice is deemed sufficient for all those who have not had previous dealings with the firm.

A special notice of the dissolution should be sent to those who have had previous dealings with the firm. (See Form II, Appendix F.)

Prepare a notice of your withdrawal from the firm. (See Form III, Appendix F.) Hand in the notice.

It is assumed that a notice of dissolution has been inserted in one of your usual advertising newspapers, and that circulars embodying the facts stated in the notice have been mailed to each of the firms with whom you have had dealings. After writing the circular, the work of sending it to the various firms is purely mechanical, and it is thought best not to require the student to do all this work.

After notices have been circulated as outlined above, your liability, so far as new debts are concerned, ceases.

GENERAL REVIEW QUESTIONS

1. Under what circumstances would a gain or loss on real estate be likely to occur? 2. What are the principal advantages of the invoice book? 3. Explain the posting of (*a*) the separate bills in the invoice book; (*b*) the weekly, the monthly, or the quarterly totals of the invoice book. 4. Explain the advantages of the bill book. How is it proved? 5. What provision was made in the cashbook of Set V for merchandise discounts? What are the principal advantages of these special columns? Explain how they are posted. 6. Explain the meaning of 3/5, 1/30, net 60 da. 7. What is a discount memorandum? 8. In which column of the sales book should discounts be deducted? Why? 9. Define and differentiate merchandise discounts and interest and discount. 10. What is a bill of lading? How is it usually drawn? What is done with each copy? 11. Are bills of lading assignable by indorsement? 12. Should transportation companies ever deliver goods without receiving the bill of lading? Why? 13. Explain the meaning of the following terms: (*a*) C.O.D.; (*b*) f.o.b.; (*c*) shipper's order. 14. Describe the usual method of making a shipment by express C.O.D. 15. Outline briefly the usual process for entering C.O.D. shipments (*a*) in the sales book; (*b*) in the ledger. 16. What

means have railway and steamship companies provided for shipping goods by freight C.O.D.? Explain this method fully. 17. Would you deposit a draft attached to a bill of lading for shipper's order in your local bank, or would it be more desirable to forward the same to a bank located in the place to which goods have been consigned? 18. Are the net resources of a firm any less after it has paid one of its own **non-interest-bearing** notes? Why? 19. Are the net resources of a firm any less after it has paid one of its own **interest-bearing** notes? Why?

EXERCISE 59

A Written Review

The following review exercises are suggested:

1. Journalize orally or in writing each transaction in August.

All amounts may be omitted, as the value of the exercise is in determining the debits and the credits.

2. Make the following opening entries:

a. James S. Brien and Howard A. Ferris began business with the following resources and liabilities; credit each proprietor with one half the net resources:

Deposit in Traders National Bank, $4235.70
Store and lot valued at $6750
Stock of merchandise valued at $12,534.20
Office furniture valued at $425
Horse and wagon valued at $275
They have the following notes outstanding:
George D. Raney, $1500; interest accrued for 2 mo.
Henry D. Fowler, $725; interest accrued for 1 mo.
Accounts receivable, $2256.45
Accounts payable, $1725.50

For estimated early payments make the following allowances: on accounts receivable, 2%; on accounts payable, 2%.

Note. Debit accounts receivable for the face value, and credit Mdse. Disc. for the 2% allowance. Credit accounts payable for the face value, and debit Mdse. Disc. for the 2% allowance.

b. John S. Brady & Son began business with the following resources and liabilities; credit the firm with the net resources:

Stocks and bonds on hand, $4200
Interest accrued on above, $156.20
Stock of merchandise valued at $11,645.50
Unpaid freight bill on merchandise, $76.25 (Liability)
Real estate valued at $5500

They hold notes against the following:

Murray & Co., $450; interest accrued for 3 mo.

James E. Marston, $320; discount allowed for 2 mo.

J. H. Belden, $250

They have the following notes outstanding:

Thomas D. Fales, $350; interest accrued for 2 mo.

Derby & Son, $300; discount allowed for 1 mo.

Office fixtures valued at $325

Horses and wagons valued at $500

Accounts receivable, $2450; estimated discount, 1%

Accounts payable, $1800; estimated discount, 2%

3. The formation of partnerships.

The following illustrations apply to the formation of partnerships:

First, the formation of a partnership on the basis of equal investment by each partner at the beginning of the business.

The necessary entry is of the simplest character, as follows:

Cash	$4000	
A		$2000
B		2000

When posted, each partner's account will appear as follows:

A

| | | |

Under the partnership agreement one half of this sum must be credited to each partner, and this is accomplished by the following journal entry:

A	$7500	
B		$7500

When this entry is posted, the accounts of the proprietors, on the books formerly used by A, will appear as follows:

A

19—						19—				
Jan.	1		1	7500		Jan.	1		3	15000

B

						19—				
						Jan.	1		3	7500

Third, the formation of a partnership when the incoming partner makes an investment equal to the value of the established business.

Illustration: A has a business worth $18,000; B invests a like sum and becomes an equal partner. The money invested by B is a part of the capital of the firm, which is now $36,000.

On A's books, as proprietor, the capital account appeared as follows:

A

						19—				
						Jan.	1		2	18000

The following entry should be made when B makes his investment:

Cash	$18,000	
B		$18,000

After posting this entry in the books formerly used by A, B's account will appear as follows:

B

						19—				
						Jan.	1		2	18000

A's account will remain unchanged, and each partner is now credited for one half of the capital of the firm.

NOTE. The cash items in the illustrations may be entered in the cashbook; the journal entry has been used simply to set forth the debit and the credit items more clearly.

Only two partners have been considered, but the principles are the same whether there are two partners or more than two, and whether the investments are equal or unequal.

Make entries for the following partnership arrangements:

a. Henry T. Jackson and James Young form a partnership, as follows:
Henry T. Jackson invests cash, $1500, and a stock of merchandise valued at $2750.
James Young invests cash, $1250, and a store and lot worth $3000.

b. *Student* and Fred S. Carmen form a partnership, as follows:
Student invests cash, $2000, and R. S. Good's note which he holds; face of the note, $500, with accrued interest for 4 mo.
Fred S. Carmen invests cash equal to the total investment of *Student*.

c. Harold D. Powers owns a dry-goods business the present value of which is $16,450. He sells a half interest to Bernard F. Shaw for $8225.

d. George D. Fuller owns a drug store, and he values the store, fixtures, and stock at $12,600. Ralph F. Varley becomes an equal partner with Fuller by investing cash, $7600, and a stock of drugs worth $5000.

e. Henry S. Carey, George R. Downey, and Harry S. Mason form a partnership on the following conditions: the capital is to be $25,000, of which Carey invests $12,500, Downey $7500, and Mason borrows $5000 of Carey and invests it in the business.

NOTE. How much of the Mason investment and loan should be entered on the books of the business?

SET VI. WHOLESALE GROCERY BUSINESS

The **Object** of this set is to illustrate in a brief way a system of bookkeeping adapted to a general wholesale business.

Special Features. Among the special features of the set are:

1. Introduction and use of:
   - *a.* Auxiliary ledgers.
   - *b.* Special-column cashbook.
   - *c.* Special-column journal.
   - *d.* Proprietors' private accounts.
2. Adjustment of interest in the Proprietors' accounts.
3. Suggestions bearing upon business correspondence.

The **Books** used are the cashbook, the sales book, the invoice book, the journal, the general ledger, the purchase ledger, the sales ledger, the bill book, and the check book.

The bill book and the check book are the same as in the preceding sets.

Form for making Closing Entry in Sales Book

		20 pkg. S. Yeast Cakes	1.05	21			
		500 lb. P. Tapioca	4¢	20			
		25 bbl. R. P. Flour	4.75	118	75		
		40 doz. bottles M. Pickles	2.25	90		572	98
		16					
	24	J. M. Martin & Co., Albany					
		2/10, net 30 da.					
		25 bx. W. L. Soap	2.00	50			
		5 bbl. C. R. Oatmeal	5.50	27	50		
		5 bbl. S. P. Flour	4.25	21	25		
		150 gal. P. R. Molasses	30¢	45			
		150 gal. N. O. Molasses	40¢	60		203	75
		Total sales for month				6762	95
	14	Accounts Receivable		6762	95		
	16	Mdse.				6762	95

Sales Book. This book is treated in the same way as the one illustrated on page 64, except the posting. The amounts of the various sales are posted separately to the debit of the personal accounts in the sales ledger.

Price List for September and October

ARTICLE	DESCRIPTION	HOW PUT UP FOR SALE	COST	SELLING PRICE
Baking Powder	Royal	Cases of 1 doz. 1-lb. cans	$3.60 case	$4.80
" "	Cleveland's	" " "	3.50 case	4.50
Beans	Lima	Bulk	3.25 bu.	3.50
"	New York Medium	"	2.50 bu.	2.75
Butter Color		Boxes	1.50 box	2.00
Cocoa	Baker's	1-lb. cans	.48 lb.	.60
"	Huyler's	½-lb. and 1-lb. cans	.43 lb.	.58
Coffee	Plain Rio	125 lb. to bag	.24 lb.	.28
"	Genuine Mocha	150 lb. to bale	.20 lb.	.24
"	Fancy Java	75 lb. to mat	.23 lb.	.30
Chocolate	Hasty Lunch	24 1-lb. tins in box	.29 lb.	.35
"	Baker's	12 1-lb. tins in box	.27 lb.	.34
Crackers	Oyster	60 lb. to bbl.	.08 lb.	.10
"	Cream Soda	" "	.06 lb.	.08
Candy	Stick	Pails	.12 lb.	.14
"	Standard Mixed	"	.10 lb.	.12
"	Empire Chocolate Drops	5-lb. boxes	.07 lb.	.10
"	Peppermint Creams	30-lb. pails	.04 lb.	.06
"	Mixed Creams	Pails	1.40 pail	2.10
Diamond Salad Dressing		Cases of doz. bottles	.90 case	1.20
Evaporated Fruits	Apricots	25-lb. boxes	.08 lb.	.10
" "	Apples	50-lb. boxes	.04½ lb.	.06
" "	Raspberries	Bulk	.17 lb.	.22
Fish	Cream Codfish	40-lb. boxes	.07½ lb.	.09
"	No. 1 Mackerel	20-lb. pails	1.80 pail	2.40
Flour	Roller Process	Barrels	3.50 bbl.	4.75
"	Searchlight Pastry	"	3.35 bbl.	4.50
"	Puritan Pancake	Cases of 20 5-lb. sacks	.12 sack	.15
"	Chef Pastry	" " "	.15 sack	.18
Horse-radish		Cases of 1 doz. bottles	.65 case	.90
Insect Powder		Boxes	.16 box	.24
Mucilage		Boxes of 3 doz. bottles	.90 box	1.20
Matches	Gates	3-gro. pkg.	.90 pkg.	1.20
"	Parlor	1-gro. boxes	1.15 box	1.53
Molasses	Porto Rico	Bbls. of 50 gal.	.25 gal.	.30
"	New Orleans	" "	.30 gal.	.36
Mixed Pickles		Doz. bottles	1.70 doz.	2.20
Oatmeal	Cedar Rapids	Barrels	4.50 bbl.	6.00
"	H. O.	24 2-lb. pkg. in box	2.35 box	3.10
Olives		Pint cans	2.20 doz.	2.75
Raisins	London Layer	20-lb. boxes	.07 lb.	.10
"	California	50-lb. boxes	.07 lb.	.09½
Sugar	Standard A	325-lb. bbl.	.04 lb.	.05
"	Fine Granulated	" "	.05 lb.	.06
"	White C	330-lb. bbl.	.03 lb.	.04½
"	Brown C	300-lb. bbl.	.02½ lb.	.03½
Soap	Sunlight	Boxes of 100 bars	3.00 box	4.00
"	Wool	Boxes of 100 cakes	3.00 box	4.00
"	Water Lily	Boxes	1.70 box	2.20
Salt	Ice Cream	200-lb. bags	.57 bag	.75
"	Lehigh Lump	280-lb. bbl.	1.50 bbl.	1.75
Starch	Golden Grain	160-lb. bbl.	.03 lb.	.04
"	Hoyt's Wheat	" "	.05 lb.	.06½
"	Laundry	" "	.02½ lb.	.03¾
Tea	Choice Japan	75 lb. to half chest	.26 lb.	.35
"	Medium Young Hyson	70 lb. to half chest	.21 lb.	.28
"	Finest Oolong	60 lb. to half chest	.35 lb.	.51
Tapioca	Pearl	Bulk	.03 lb.	.04½
"	Flake	"	.03½ lb.	.04¾
"	Rio	"	.06 lb.	.09
Yeast Cakes	National	Pkg. of 1 doz. cakes	.37½ pkg.	.50
" "	Sunlight	Pkg. of 3 doz. cakes	.75 pkg.	1.00

When the sales book is closed, the total sales are posted regularly to the debit of *Accounts Receivable* and to the credit of *Merchandise* in the general ledger.

The *sales book* of some large concerns is provided with an extra column for cash sales; the different amounts in this column are not posted to the sales ledger, but the total is entered in the cashbook daily, and credited to the *Merchandise* account at regular intervals. The general practice, however, is to treat all cash sales to regular customers in just the same way as sales on account, that is, the goods are charged to the customer from the sales book and his account is credited through the cashbook for the amount received. The latter practice is followed throughout the intermediate portion of this text. The chief arguments in favor of this plan are as follows:

1. In most wholesale houses cash is understood generally to mean payments that are made within five or ten days from the date of the bill.

2. Wholesale houses would not be justified in quoting the same terms to all customers; those who buy in large quantities can be given better terms than those who buy in small quantities. As a basis for determining the best possible terms, a customer's ledger account should be consulted. This account is incomplete, not furnishing full information, if the cash sales are not entered in the customer's account in the ledger.

3. In some instances a customer, for good business reasons, might call for a statement of all his transactions for a year, and it would be to any dealer's advantage to be able to furnish such a statement readily.

Cashbook. The cashbook used in this set is designed to illustrate the desirability of using special columns to meet the requirements of certain lines of business. The model cashbook on pages 204 and 205 is self-explanatory.

Note. Additional columns may be placed in the cashbook, when special columns are used, if their introduction will lessen the work and increase the value of the cashbook records.

The first two columns on the left are reserved for receipts from customers on account. These columns are similar to those illustrated in Set V, but in this set they are used for personal items only. The separate items in these columns are credited to the customers in the sales ledger. At the end of the month, or as often as may be found desirable, the total of the first column is posted to the debit of *Merchandise Discounts* and to the credit of *Accounts Receivable* in the general ledger. (See page 204.)

The total of the net proceeds column is posted to the credit of *Accounts Receivable* in the general ledger.

All receipts of cash, aside from the items from personal accounts, are entered in the *General* column on the left side of the cashbook, and these items are posted separately.

Cash Receipts, September, 19—

DATE		F	ACCOUNT TO BE CREDITED	EXPLANATION	ACCOUNTS RECEIVABLE				GENERAL	
					DISC. DR.		AMOUNT RECEIVED			
Sept.	1		Balance	In bank					13500	
	1	1	R. R. Traver	Investment					5500	
	2	3	Bills Rec.	Note of W. E. Frey					1200	
	3	14	W. A. Harman	Inv. 8/6, less 2%	10		490			
	6	16	F. E. Gardiner & Co.	Inv. 8/30, less 3%	38	70	1251	30		
	9	18	Tenny Bros. & Co.	Inv. 8/30, less 3%	46	80	1513	20		
	12	3	Bills Rec.	Note of R. O. Cook					900	
	12	5	Interest	Int. on above note					9	
	16	3	Bills Rec.	Note of J. H. Bair					1200	
	16	5	Interest	Int. on above note					6	
	21	20	W. M. Fair	Inv. 9/3, less 3%	34	20	1105	80		
	22	21	Sam'l W. Hershey	Inv. 9/4, less 2%	8		392			
	25	24	Williams, Harding & Co.	Inv. 7/15			356	39		
	27	36	F. E. Rogers	Inv. 7/30			392	51		
	29	32	W. W. Baker & Co.	Inv. 9/16, less 3%	45		1455			
	30	8	Mdse. Disc. Dr.	Total discounts allowed	*182*	*70*				
	30	12	To Accts. Rec.	on sales for month						
	30	12	Accts. Rec.	Rects. on account for month			6956	20	6956	20
									29271	20

Cash Payments, September, 19—

DATE		F	ACCOUNT TO BE DEBITED	EXPLANATION	ACCOUNTS PAYABLE				EXPENSE		COLL. AND EXCH.		GENERAL	
					DISC. CR.		AMOUNT PAID							
Sept.	1	✓	Expense	Rent for Sept.					150					
	1	✓	Expense	Insurance premium					120					
	1	✓	Expense	Bill for stationery, etc.					27	50				
	2	37	Jordan, Marsh & Co.	Inv. 8/16, less 2%	42		2058							
	2	✓	Coll. and Exch.	On foreign checks							2	15		
	4	39	N. P. Pond & Co.	Inv. 8/31, less 3%	30		970							
	5	16	Bills Pay.	Note favor E. S. Lee									1000	
	5	5	Interest	Int. on above note									10	
	6	✓	Coll. and Exch.	On foreign checks							3			
	9	47	A. B. Curtice & Co.	Inv. 7/10			395	62						
	9	54	C. O. Bond & Co.	Inv. 7/16			1193	64						
	11	✓	Expense	Stamps					5	42				
	11	✓	Expense	Office stationery					16	98				
	12	9	Mdse.	Freight Aug. 1 to Sept. 1									169	50
	13	✓	Coll. and Exch.	On foreign checks							1	65		
	15	✓	Expense	Telegram						75				
	16	✓	Expense	Traveling salesman					125					
	17	42	R. H. White & Co.	Inv. 8/12, less 2%	34		1666							
	18	40	Sibley, Lindsay & Curr	Inv. 8/18, less 2%	18		882							
	19	16	Bills Pay.	Note favor A. Swan									1500	
	19	5	Interest	Int. on above note									7	50
	22	✓	Coll. and Exch.	On foreign checks								75		
	23	10	Office Fixtures	Safe for office									250	
	23	10	Office Fixtures	Letter press									9	50
	24	✓	Expense	Coal bill to date					13	50				
	25	✓	Expense	Salaries to date					220					
	26	1	R. R. Traver	Private account									100	
	26	1	Jas. R. Bender	Private account									100	
	28	42	R. H. White & Co.	Inv. 8/31, less 2%	8		392							
	28	✓	Coll. and Exch.	On above N.Y. draft								25		
	29	✓	Coll. and Exch.	On Brown's check								40		
	30	16	Bills Pay.	Note favor J. Green									400	
	30	11	Accts. Pay.	Total discounts on pur-	732									
	30	8	To Mdse. Disc.	chases for month										
	30	11	Accts. Pay.	Pay'ts on acct. for month			7557	26					7557	26
	30	14	Expense	Total for month					679	15			679	15
	30	18	Coll. and Exch.	Total for month							8	20	8	20
	30		*Balance*	*In bank*									*17480*	*09*
													29271	20

The first two columns on the right are reserved for payments to the creditors on account. These columns are for personal items only, and are similar in use to the columns for accounts receivable on the left side, except that they are posted to the debit of the separate accounts with the creditors in the purchase ledger. At the end of the month, or at other regular intervals, the total of the first column is posted to the debit of *Accounts Payable* and to the credit of *Merchandise Discounts* in the general ledger. (See page 205.)

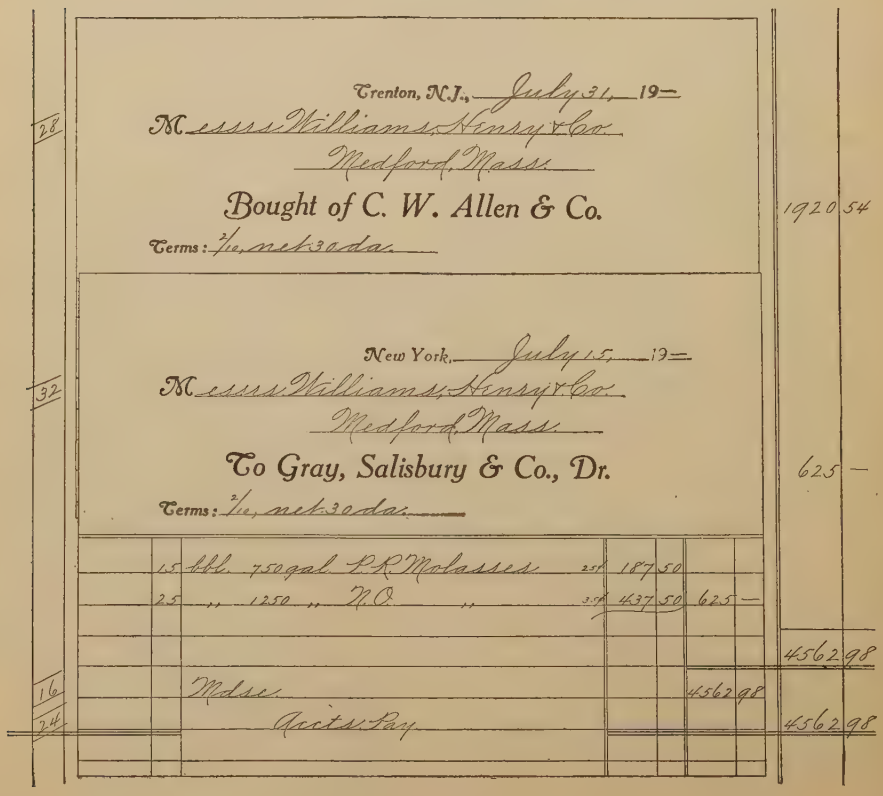
The total of the net proceeds column is posted to the debit of *Accounts Payable* in the general ledger.

All items of expense are entered in the *Expense* column, and only the total of this column is posted.

All items of collection and exchange are entered in the *Collection and Exchange* column, and only the total of this column is posted.

All the other cash payments are entered in the *General* column, and these items are posted separately.

Form for making Closing Entry in Invoice Book



Invoice Book. This book is illustrated and explained on pages 142 and 143. The separate bills are credited to the various accounts in the purchase ledger, and the total is posted to the debit of *Merchandise* and to the credit of *Accounts Payable* in the general ledger.

Purchase Ledger. The purchase ledger contains a record of transactions with the creditors. The principal items of credit in this ledger are posted from the invoice book, and the main items of charge, from the cashbook; but both debits and credits for the creditors' accounts may come from the journal.

Sales Ledger. The sales ledger contains a record of transactions with customers. The main items of charge come from the sales book, and the main items of credit from the cashbook; but both debits and credits for the customers' accounts may come from the journal.

General Ledger. The general ledger contains a record of all accounts of the business not entered in the purchase ledger or the sales ledger. The **Accounts Payable** account, or Purchase Ledger Account, in this ledger represents the purchase ledger, and the balance of the account should agree with the sum of the balances in the purchase ledger. The **Accounts Receivable** account, or the Sales Ledger Account, in the general ledger represents the sales ledger, and the balance of the account should equal the sum of the balances in the sales ledger.

Advantages of Auxiliary Ledgers. The chief advantages resulting from the use of auxiliary ledgers may be stated as follows:

1. By glancing at the balance of the *Accounts Receivable* in the general ledger a merchant may know at once the aggregate of the amounts due him. This would not be possible if a sales ledger were not used.

2. By glancing at the balance of the *Accounts Payable* a merchant may know the aggregate of the amounts he owes. This account would not be in the books, except in scattered details, if a purchase ledger were not used.

3. The *Accounts Receivable* and the *Accounts Payable* accounts aid in proving the correctness of the personal accounts of a business.

4. Auxiliary ledgers show a classification of accounts which is necessary in the bookkeeping of large concerns; they also give a business man classified information concerning many important details of his business.

The **Journal** used in this set is provided with special columns. (See model journal, page 208.)

This book is sometimes provided with a large number of columns to meet the requirements of some lines of business. The columns used here, however, are sufficient to give the student an idea of how special columns may be used to advantage in the journal.

The *Purchase Ledger Debits* column may be used to advantage in houses where a separate ledger is kept for accounts with those from

whom goods are bought. Any charges to these accounts in the journal should be extended into this column. The several amounts are posted separately to the debit side of the accounts in the purchase ledger, and the total is carried regularly to the debit of *Accounts Payable* in the general ledger.

BOSTON, MASS., *September 25, 19—*

	F	ACCOUNT AND EXPLANATION		PURCHASE LEDGER DEBITS		GENERAL LEDGER DEBITS		SALES LEDGER CREDITS		GENERAL LEDGER CREDITS	
		M. O. Barry, R. O. Cook, and D. W. Baker have entered into a copartnership agreement as per conditions in the articles executed Sept. 15. The above parties have this day bought the entire resources and are to assume the entire liabilities of the late firm of A. J. Weaver & Co. as per contract on file. These resources and liabilities are as shown in the following entry made to open a new set of books.									
7		Mdse. Per inventory				12000	06				
8		Bills Rec. Per bill book				13000	94				
10		Office Fixtures Per inventory				1200					
3		Good Will Established trade				3000					
6		Accts. Rec. Per the following list				3900					
16		Morgan & Co., Troy	1250								
21		Osborn, Frey & Co., Westfield	750								
22		L. O. Sweetland, Lynn	1900								
3		Insurance Unexpired premium				125	75				
7		Bills Pay. Per bill book								1900	09
5		Accts. Pay. Per the following list								6801	
34		Smith, Perkins & Co., N.Y.	1700.50								
36		Sprague & Co., Boston	1900.50								
39		Harmon & Brown, Chicago	3200.								
7		Bills Pay. Two notes given A. J. Weaver & Co.								15000	
C.R.		Cash Check given A. J. Weaver & Co.								9525	66
		26									
17		C. O. Bond & Co. Accepted their 10-day draft		1500	75						
7		Bills Pay.								1500	75
		27									
48		Williams & Co. Drew a sight draft on S. W. B. and		300	60						
18		S. W. Brown remitted it to W. & Co. on acct.						300	60		
		Forward		1801	35	33226	75	300	60	34727	50

BOSTON, MASS., *September 30, 19—*

		Forward		1801	35	33226	75	300	60	34727	50
8		Bills Rec. Recd. their note as per				500					
18		Eaton & Co. bill book						500			
				1801	35	33726	75	800	60	34727	50
5		Accts. Pay. (Purchase Ledger Debits)				1801	35				
✓		General Ledger Debits				33726	75				
6		Accts. Rec. (Sales Ledger Credits)								800	60
✓		General Ledger Credits								34727	50
						35528	10			35528	10

The *General Ledger Debits* column contains all the items of charge in the journal except the purchase ledger debits. The total is not posted.

The *Sales Ledger Credits* column may be used to advantage in most houses where a separate ledger is kept for accounts with those to whom goods are sold. Any credits to these accounts in the journal should be extended into this column. The several amounts are posted separately to the credit side of the accounts in the sales ledger, and the total is carried regularly to the credit of *Accounts Receivable* in the general ledger.

The *General Ledger Credits* column contains all the items of credit in the journal except the sales ledger credits. The total is not posted.

Incoming Business Forms for September

A tablet, separate from the text, containing all the incoming business forms, is available for use in writing this set when business practice is used. A list of the forms is given herewith so that the text affords *all* material required for writing the set if business practice is omitted. Also, these forms afford an opportunity for the study of the set as a whole before writing the same, thus meeting a requisite for adequate drill work, whether the business forms are used or not.

If the set is written without using business practice, blank invoice forms may be used for the invoice book, in recording the merchandise bought; these blanks may be secured of the publishers.

If business practice is used either with or without the tablet, the student should be given the necessary blank forms for making out the following:

Form 1. Check drawn by *Student* on Traders National Bank, City, Sept. 15, in favor of your firm, for $7000.

Form 2. Note of Frey & Brown, City, dated Sept. 1, at 3 mo., for $8000. Note is drawn in *Student's* favor and is transferred by him to his firm by full indorsement.

Form 3. Check of Geo. H. Dobbin, dated Sept. 15, drawn on Traders National Bank, City, in favor of your firm, for $10,000.

Form 4. Check of Arthur M. Black, dated Sept. 15, drawn on Traders National Bank, City, in favor of your firm, for $14,000.

Form 5. Note of F. Moore, dated Rome, Sept. 1, payable at The Union Bank, 2 mo. after date. Note is drawn for $1750, in favor of A. J. Weaver & Co., and is transferred to your firm by full indorsement.

Form 6. Note of Walter L. Parker, dated City, Sept. 1, payable at The Union Bank, 30 da. after date. Note is drawn for $700, in favor of A. J. Weaver & Co., and is transferred to your firm by full indorsement.

Form 7. Note of Benton Bros. & Co., dated City, Aug. 26, payable at The Union Bank, 60 da. after date. Note is drawn for $300, in favor of A. J. Weaver & Co., and is transferred to your firm by full indorsement.

Form 8. Bill of Eureka Coal Co. to your firm for 5 T. coal at $4.50. Terms: cash. Bill is dated City, Sept. 18, and is receipted.

Form 9. Bill of Geo. E. Roe & Co., for 1 one-horse delivery wagon, $65; 1 heavy truck wagon, $90; 1 set single harness, $35; 1 set double harness, $85. Terms: cash. The bill is dated City, Sept. 19, and receipted.

Form 10. Bill of the Daily Transcript Co. for advertising to date, $49.23. Terms: cash. The bill is dated City, Sept. 19, and receipted.

Form 11. Bill of R. H. Myers & Co., for 1 sales ledger, $1.50; 1 purchase ledger, $1.50; 1 general ledger, $3; 1 journal, 75¢; 1 cashbook, $2.75; 1 bill book, 75¢; 5 M No. 6 envelopes and printing, $6.50; 5 M sheets letter paper and printing, $9.60. Terms: cash, less 1%. The bill is dated City, Sept. 20, and receipted.

Form 12. Bill of Eureka Coal Co. to Geo. H. Dobbin for 3 T. coal at $4.50. Terms: cash. The bill is dated Sept. 20, and receipted.

Form 13. Letter of application to your firm from Albert B. Curtis, dated City, Sept. 19. Applicant saw your advertisement in the *Evening Transcript* for a shipping clerk and wishes to be considered an applicant for the position. He is a high-school graduate and has had experience as a salesman with the firm of W. H. Glenny & Co., City. He refers to John W. Nellis, principal of the high school, and to G. B. Watkins, manager for W. H. Glenny & Co.

Inclose the letter in an envelope, properly addressed.

THINGS TO BE OBSERVED IN LETTERS OF APPLICATION

1. The use of proper materials:
   - *a.* Good ink.
   - *b.* Paper of the proper size and quality.
   - *c.* Envelopes of the proper size and quality.
2. Good mechanical and grammatical construction.
3. Brief and concise expressions.
4. Good tone:
   - *a.* Frank, sincere expressions.
   - *b.* Sufficient self-confidence and self-respect. (State your qualifications modestly, but frankly.)
   - *c.* Truthfulness.

5. Necessary information with regard to yourself:
   a. Qualifications, general and special.
   b. References.
   c. Salary expected (sometimes; instructor should explain).
   d. Age (sometimes; instructor should explain).
6. Courteous introduction and closing.

Form 14. Draft of The Union Bank, City, dated Sept. 21, drawn on Chemical National Bank, New York, in favor of your firm, for $841.47, W. B. Frey, Cashier.

Form 15. Sight draft, dated City, Sept. 21, drawn by David R. Warriner, in favor of himself, on Arthur M. Black, for $50.

Form 16. Draft drawn by The Union Bank, City, Sept. 24, on Chemical National Bank, New York, in favor of your firm, for $1297.18, W. B. Frey, Cashier.

Form 17. Draft drawn by Traders National Bank, Weedsport, Sept. 23, on Chemical National Bank, New York, in favor of F. W. Earl & Co., for $950, C. W. Amsden, Cashier. The draft is transferred to your firm by full indorsement.

Form 18. Check of D. L. Hinman & Co., City, on Traders National Bank, dated Sept. 24, in favor of your firm, for $411.99.

Form 19. Invoice of Walter Baker & Co., New York, dated Sept. 22. Terms: 3/5, net 30 da. Items as follows:

500 1-lb. cans B. Cocoa
500 bx., 6000 lb., B. Chocolate
5000 lb. P. Tapioca

Form 20. Draft drawn by Traders National Bank, Allston, Sept. 24, on Chemical National Bank, New York, in favor of Clinton, Jones & Co., for $292.04, W. F. Pratt, Cashier. The draft is transferred to your firm by full indorsement.

Form 21. Invoice of Smith, Perkins & Co., New York, dated Sept. 24. Terms: 5/10, net 30 da. Items as follows:

50 bags, 6250 lb., P. R. Coffee
100 half chests, 7500 lb., C. J. Tea
50 bales, 7500 lb., G. M. Coffee
100 half chests, 6000 lb., F. O. Tea
100 mats, 7500 lb., F. J. Coffee

Form 22. Note of Frank Moore & Son, City, dated Sept. 25, drawn in favor of your firm, for $745.69, payable 10 da. from date, at The Union Bank.

Form 23. Check of Salisbury, Gray & Co., Rochester, dated Sept. 24, on Traders National Bank, in favor of your firm, for $260.51.

Form 24. Check of J. D. Manning, Albany, dated Sept. 24, on Traders National Bank, in favor of your firm, for $600.

Form 25. Bill of R. O. Merrill & Co., City, dated Sept. 25. Terms: cash. Items as follows:

30 #16 Packing Boxes at 20¢ 35 #3 Packing Boxes at 10¢

The bill is receipted by O. W.

Form 26. Invoice of Geo. H. Buell & Co., City, dated Sept. 26. Terms: 30-da. note in 10 da., with interest at 6%, less 1%. Items as follows:

240 bu. N.Y. Medium Beans 200 lb. E. Raspberries
25 bx., 1250 lb., E. Apples

Form 27. Invoice of J. E. Seel & Co., City, dated Sept. 26. Terms: 2/10, net 30 da. Items as follows:

25 pails M. C. Candy 500 lb. S. M. Candy
50 bbl. L. L. Salt

Form 28. Check of T. B. Welch & Co., Medford, dated Sept. 25, on Traders National Bank, in favor of your firm, for $296.94.

Form 29. Draft drawn by The Union Bank, City, dated Sept. 25, on Chemical National Bank, New York, in favor of your firm, for $1949.70, W. B. Frey, Cashier.

Form 30. *C.O.D.* envelope. Data as follows: Cash inclosed, $18.60. Goods were shipped by your firm to W. D. Greene, Dansville, Sept. 25.

NOTE. An envelope containing the required amount of cash will be found in the back part of the tablet of Incoming Business Forms. If business practice is used and the Incoming Business Forms are not used, get the cash of the instructor.

Form 31. Draft drawn by Traders National Bank, Troy, on Chemical National Bank, New York, in favor of Williams, Harmon & Co. for $399.35, R. C. Cook, Cashier. Draft is dated Sept. 25 and is transferred to your firm by full indorsement.

Form 32. Sight draft of Salisbury, Gray & Co., Rochester, dated Sept. 25, in favor of your firm, on J. E. Seel & Co., City, for $50.

Form 33. Invoice of Stickney, Poor & Co., New York, dated Sept. 26. Terms: 3/10, net 60 da. Items as follows:

100 bx., 2500 lb., E. Apricots 250 bx. Insect Powder
50 bx. Butter Color 50 bx., 2500 lb., E. Apples
100 bx. Mucilage 100 bbl. R. P. Flour

The discount is deducted and the bill receipted.

Form 34. Check of W. L. Anderson, Perth Amboy, dated Sept. 26, on Traders National Bank, in favor of your firm, for $400.

Form 35. Invoice of Gray, Dunkle & Co., Chicago, dated Sept. 26. Terms: 3/10, net 30 da. Items as follows:

25 bbl., 7500 lb., Br. C Sugar
10 bbl., 3300 lb., Wh. C Sugar
200 half chests, 14,000 lb., M. Y. H. Tea

Form 36. Check of James K. Lusk, City, dated Sept. 28, on Traders National Bank, in favor of your firm, for $369.07.

Form 37. Invoice of Bates, Aldrich & Co., Boston, dated Sept. 27. Terms: 3/5, net 30 da. Items as follows:

100 1-lb. cans Huyler's Cocoa
100 pails M. C. Candy
50 bbl. S. P. Flour
20 bbl., 6500 lb., St. A Sugar
20 bbl., 6500 lb., F. G. Sugar

Form 38. Invoice of D. W. Simpson & Co., Chicago, dated Sept. 27. Terms: 3/10, net 30 da. Items as follows:

50 bx. S. Soap
125 bx. W. Soap
50 cases, 1000 sacks, C. P. Flour
50 bx. W. L. Soap
20 bbl., 1200 lb., O. Crackers
5 cases, 100 sacks, P. P. Flour
20 bbl., 1200 lb., C. S. Crackers

Form 39. Draft drawn by The Union Bank, City, dated Sept. 28, on Chemical National Bank, New York, in favor of your firm, for $907.43, W. B. Frey, Cashier.

Form 40. Check of W. D. Packard & Co., City, dated Sept. 28, on Traders National Bank, in favor of your firm, for $605.38.

Form 41. Note of D. L. Hinman & Co., City, dated Sept. 29, payable at The Union Bank, 10 da. from date, to your firm, $500.

Form 42. Bill of Enterprise Carting Co., City, dated Sept. 29. Terms: cash. Items as follows:

Sept. 24, Freight, $15.75; Cartage, $1.50
27, Freight, 49.25; Cartage, 6.50
28, Cartage, 4.75

The bill is receipted by W. M. O.

Memoranda of Transactions for September

Saturday, Sept. 15

Since selling your interest in the furniture business of the late firm of *Student* & Co. you have had several conferences with Geo. H. Dobbin and Arthur M. Black, relative to making an investment in a wholesale grocery business.

To-day it has been decided to enter into a partnership for the purpose of conducting a wholesale grocery business under the following conditions:

1. The name of the copartnership will be *Student*, Black & Co.

2. Investments will be as follows:

a. Arthur M. Black makes a cash investment of $14,000.

b. Geo. H. Dobbin makes a cash investment of $10,000.

c. *Student* makes a cash investment of $7000, and a note of Frey & Brown in his favor, dated Sept. 1, at 3 mo., for $8000.

3. The partnership shall continue for two years, unless the parties mutually consent to a dissolution at an earlier date.

4. Gains shall be shared equally and losses borne equally.

5. *Student* and Black shall each receive $200 per month for their services, and Dobbin, $150.

6. Whenever the books of the firm are closed, each partner shall be charged with interest at 6% on all sums withdrawn for private use, and shall receive interest at the same rate on all sums invested.

Draw up articles of copartnership, fully covering the above points. (See Form V, Appendix F.)

Fold and brief the articles (see page 181) and then hand them in.

Each partner pays his investment as per agreement.

Receive the three checks. Dobbin's and Black's checks are Forms 3 and 4. Your check and note are Forms 1 and 2.

Enter the note in the bill book and place it in the proper envelope. Credit *Student*, Black & Co. for the *total* investment on the left side of the cashbook, extending the amount into the *general* column. Debit *Bills Receivable* on the right side of the cashbook for the amount of the note, $8000, extending the amount into the *general* column. The difference between the two amounts recorded in the cashbook will show the amount of cash received by the business, $31,000.

Open an account with The Union Bank and deposit the three checks on hand.

When signing the name of the firm to indorsements, notes, checks, etc., sign *Student*, Black & Co.

Monday, Sept. 17

A. J. Weaver & Co., of your place, have offered to sell you the entire resources and liabilities of their business located at 420 State St., on the following conditions:

1. That you pay them $6000 for the good will of their business.

2. That you buy all their resources at face value, the personal accounts and the quality and the quantity of the merchandise on hand to be covered by their written guarantee.

3. That you assume their lease of the building at 420 State St. and pay all their liabilities.

4. That you pay them for the net assets of the business, cash, $14,000, and the balance in two notes payable in 3 mo. and 6 mo. respectively, without interest.

GOOD WILL EXPLAINED

The term *good will* can hardly be said to have any precise signification. It is generally understood to stand for certain advantages obtained by the purchaser of any business in consequence of his position before the public as succeeding to an enterprise which has been identified in the past with the good name and the repute of his predecessor. Its value is dependent upon the ability of the purchaser to maintain and improve past celebrity, reputation for skill, punctuality, etc.

The *Good Will* account may appear as a resource on the books of the purchaser of any business, but its value is never definite.

The value of the account is necessarily indefinite because of its dependence on the maintenance of the reputation and the success of the business, and as these are changing factors, the value of it is subject to change.

When a business changes ownership, the *good will* is then subject to a definite valuation, as agreed upon by the buyer and the seller.

The account is seldom opened except in connection with the purchase and the sale of an established business. When a business of recognized reputation is offered for sale, the good will is frequently as much a matter for consideration as any commodity. The account, however, is of more or less fictitious value, and many business men prefer to drop it gradually from their records in the ledger. This may be done by carrying regularly a definite portion of the account to the *Loss and Gain* account, when the books are closed.

In the course of time, this plan of carrying a certain portion of the *Good Will* account to the *Loss and Gain* account will eliminate it from the open ledger accounts of the business.

You accept the proposition of A. J. Weaver & Co. and ask them to make out a contract of sale at once.

Tuesday, Sept. 18

A contract of sale covering the following resources and liabilities was received by Mr. Black from A. J. Weaver & Co. this morning. It was duly examined by Joseph M. Gordon, Esq., the attorney for your firm, and when found strong and binding in every way was filed among other important papers in the firm's safe.

Note. Form IV, Appendix F, is a contract of sale similar to the one which would be given by A. J. Weaver & Co. in the preceding transaction.

If thought best, the instructor may require the student to prepare the contract for the preceding transaction.

Resources

Mdse., per schedule on file		$14609.50
Bills Receivable, per the following list		2750.
1. Note of F. Moore, at 2 mo. from Sept. 1	$1750.	
2. Note of Walter L. Parker, at 30 da. from Sept. 1	700.	
3. Note of Benton Bros. & Co., at 60 da. from Aug. 26	300.	
Office Fixtures, per schedule on file		1920.
Rent, due from tenants for subrentals		50.
Insurance, unused premium		240.
Good Will, estimated value		6000.
Accounts Receivable, per the following list		16814.10
Williams, Harmon & Co., Troy	6252.60	
Fred W. Hill & Co., Rome	1642.40	
W. L. Anderson, Perth Amboy	1400.	
Frank Moore & Son, City	2145.69	
James K. Lusk, City	592.50	
J. D. Manning, Albany	1600.	
D. L. Hinman & Co., City	420.40	
F. W. Earl & Co., Weedsport	1500.	
Salisbury, Gray & Co., Rochester	1260.51	

Liabilities

Bills Payable, per the following list		$2300
1. Note at 30 da. from Aug. 26, in favor of King & Co., payable at The Union Bank	$1500.	
2. Note at 30 da. from Sept. 3, in favor of Boyd, Evans & Co., payable at The Union Bank	800.	
Accounts Payable, per the following list		18166.
Walter L. Mann & Co., Boston	2150.	
D. W. Smith & Co., New York	2100.	
Smith, Perkins & Co., New York	1450.	
Bates, Aldrich & Co., Boston	1365.45	
D. W. Simpson & Co., Chicago	7100.55	
Gray, Dunkle & Co., Chicago	4000.	

NOTE. In actual business the two bills payable would be in the possession of the payees or the bank at which they are made payable. In this case it is assumed that they are in the possession of the bank for collection. The student will therefore need to draw up both notes and hand them to the bank or to the instructor. Indorse them as they should be indorsed by the payees when left at the bank for collection.

Write the check and the notes in payment of the purchase from A. J. Weaver & Co., as per agreement.

Make the journal and the cashbook entries for the purchase. Study the model journal, page 208. Check the cash item in both the journal and the cashbook.

Take the notes of A. J. Weaver & Co., Forms 5, 6, and 7, and enter them in the bill book. Also enter the bills payable in the bill book.

Post the journal and the cashbook entries just made to the proper ledgers. If necessary, consult the instructor.

After posting the journal entries to the general ledger, debit the several personal accounts receivable in the sales ledger and credit the several personal accounts payable in the purchase ledger.

In posting, allow one third of a page for each account in the general ledger, and one fourth of a page for each account in the sales ledger and the purchase ledger.

Prepare an index for each ledger; the general ledger on the first page, and the others on the second page.

In the sales ledger and the purchase ledger write the address after each ledger title. This should be written in a smaller hand just to the right of the title.

WEDNESDAY, SEPT. 19

You desire to engage the services of a competent shipping clerk and decide to insert an advertisement in the *Evening Transcript* of your place.

Prepare an advertisement stating the qualifications you consider desirable in a candidate for such a position as you have to fill.

Write checks in payment of the following:

Two work horses purchased of Walter H. Wood for $125 each; bill of Eureka Coal Co., Form 8, for coal, $22.50; bill of Geo. E. Roe & Co., Form 9, for wagons, harnesses, etc., $275; bill of the Daily Transcript Co., Form 10, for advertising to date, $49.23.

Charge the advertising and the coal to *Expense*, and the other items to *Horse and Wagon* account.

NOTE. Unless otherwise instructed, hand in all outgoing papers. When in doubt as to what should be done with any incoming forms, consult the instructor.

Write letters, ordering the following:

1. Of Walter Baker & Co., New York, the goods outlined in Form 19, page 211. Give references and shipping directions and ask for the best cash discounts.

2. Of Smith, Perkins & Co., New York, the goods outlined in Form 21, page 211. These people have had extensive dealings with the old firm of A. J. Weaver & Co., but you are entire strangers to them. Give such information concerning your firm as will secure prompt shipment of the goods you order. If necessary, consult the instructor.

THURSDAY, SEPT. 20

Pay the following bills by checks: bill of R. H. Myers & Co., Form 11, for office books, stationery, etc., $26.09; bill of Eureka Coal Co., Form 12, for the private account of Geo. H. Dobbin, $13.50. Open an account with *Geo. H. Dobbin, Private.*

WHY PRIVATE ACCOUNTS WITH THE INDIVIDUAL MEMBERS OF A FIRM SHOULD BE OPENED

Strictly speaking, these accounts do not represent a part of the investment of any business, but rather the items show the dealings of the business with the individual members of the firm; it is, therefore, desirable that they be kept separate from the account or accounts representing the capital of the concern.

The failure to keep such accounts confuses business and private affairs, fosters carelessness and extravagance, and sometimes results in financial disaster.

The *capital account* or *investment* is a fund to be used in carrying on the business, and is not to be disturbed except by agreement of the partners and the amendment of the articles of partnership.

ITEMS THAT ARE ENTERED IN PROPRIETORS' PRIVATE ACCOUNTS

Debits

1. Cash, or any other property belonging to the firm, withdrawn by a partner for private use.
2. Private debts of a partner paid by the firm.
3. Proper share of any net losses to be borne by a partner when the books are closed.

Credits

1. Cash advanced to the business by a partner and not counted as a part of the capital of the firm.
2. Unpaid salary due a partner.
3. Firm debts assumed by a partner.
4. Proper share of any net gains of the business.

FRIDAY, SEPT. 21

In response to your advertisement of Sept. 19, for a competent shipping clerk, twenty-three letters were received; one from Albert B. Curtis, 270 Tremont St., impressed you favorably, Form 13, and you have had an interview with the young man, which has resulted in his engagement with your firm at $25 per week. His appointment dates from Monday, Sept. 24.

File the letter, as it may be needed for reference.

Engage Edward McDorman as driver at $10 per week.

Make a memorandum and place it on file.

Write letters, ordering the following goods:

1. Of Stickney, Poor & Co., New York:

250 bx. Insect Powder	2500 lb. E. Apples
50 bx. Butter Color	2500 lb. E. Apricots
100 bx. Mucilage	100 bbl. R. P. Flour

Inclose a New York draft in payment of the bill, less 3%. Buy the draft by check, Form 14; exchange, 25¢.

2. Of Gray, Dunkle & Co., Chicago, the goods outlined in Form 35, page 213. Remember that this firm was one of the creditors of the late house of A. J. Weaver & Co., and word the letter accordingly.

3. Of Bates, Aldrich & Co., Boston, the goods outlined in Form 37, page 213. The members of this firm were creditors of A. J. Weaver & Co.

If you pay the balance in favor of D. W. Simpson & Co. this week, you will get a discount of 5%.

Write your check for the amount shown in the purchase ledger, less 5%. Take the check to your bank or instructor and have it certified.

CIRCUMSTANCES UNDER WHICH CHECKS ARE CERTIFIED IN BUSINESS

Checks pass as money very freely from one person to another. They cannot always be accepted as money, however, for there is nothing to prevent any person from drawing a check upon a bank in which he has no money on deposit. Before a business man accepts a check from a stranger he may require that it be certified; that is, that it be stamped by the bank upon which it is drawn, in a manner that will indicate its validity.

When a check is certified, the bank immediately charges the amount to the drawer and sets aside the funds from which to pay the check when it is presented.

A certified check is secured by the bank on which it is drawn, and it is good as long as the bank is solvent.

SIGNIFICANCE OF CERTIFICATION

1. By certifying a check a bank declares in effect the following:
   - *a.* That the signature is genuine.
   - *b.* That the drawer's balance is good for the amount named.
   - *c.* That it holds itself responsible for the payment of the check.
2. Certification does not guarantee the following:
   - *a.* That the indorsements, if any, are genuine.
   - *b.* That the check was drawn in good form. If a check is so carelessly drawn that it can be raised easily, and is certified afterwards, a bank can be held for only the amount for which the check was first drawn.

Write a letter to D. W. Simpson & Co., inclosing the above check and ordering:

50 bx. Sunlight Soap
125 bx. Wool Soap
50 bx. Water Lily Soap
5 cases, 100 sacks, P. P. Flour
50 cases, 1000 sacks, C. P. Flour
20 bbl., 1200 lb., O. Crackers
20 bbl., 1200 lb., C. S. Crackers

SATURDAY, SEPT. 22

Pay by check David R. Warriner's sight draft on Arthur M. Black, $50, Form 15.

Charge Black's private account.

MONDAY, SEPT. 24

A telegraphic dispatch has been received from W. D. Greene, Dansville, ordering the following to be sent by express, C.O.D.:

2 cases R. Baking Powder
3 bx., 150 lb., E. Apples

Prepare the necessary papers and enter under *C.O.D. Accounts* in the sales book.

The following orders were received in this morning's mail.

1. From Williams, Harmon & Co., Troy:

10 bbl. L. L. Salt
10 half chests, 750 lb., C. J. Tea
10 bbl. S. P. Flour
5 bbl., 800 lb., L. Starch
5 bbl., 1500 lb., Br. C Sugar

Fill the order. Terms: 2/5, net 30 da.

Prepare the bill of lading. Place the bill and the receipt in an envelope and hand it in. Do this with all similar orders.

2. From T. B. Welch & Co., Medford:

6 bbl., 300 gal., N. O. Molasses
6 bbl., 300 gal., P. R. Molasses
5 bbl., 1625 lb., F. G. Sugar
10 bags Ice-cream Salt

Fill the order. Terms: 2/5, net 30 da.

The account of Fred W. Hill & Co., Rome, is 23 da. past due. Draw a sight draft on them in favor of your firm for $1200 and leave it with the bank for collection.

Indorse the draft. No entry is required. Write a letter to Fred W. Hill & Co., telling them of the draft you have drawn.

Take the note of F. Moore from the *Unpaid Bills* envelope and offer it for discount at your bank, Form 5.

Indorse the note, make out a discount memorandum and pin it to the note. Place the note in the pass book; take it to the bank, and receive credit for the proceeds.

Pay the balance due Bates, Aldrich & Co., less 5%, by a New York draft, Form 16.

Buy the draft by check. Exchange, 50¢.

Indorse the draft and inclose it in a letter.

POINTS TO BE OBSERVED IN WRITING A LETTER OF REMITTANCE

1. State what is inclosed, — note, draft, etc.
2. Give the amount of the inclosure.
3. Generally write the amount of the inclosure in words and figures, thus: Twenty-four and $\frac{25}{100}$ Dollars ($24.25).
4. State how the amount inclosed is to be applied.
5. Fold the inclosure within the letter properly. (See Form I, Appendix F.)

Receive of F. W. Earl & Co., Weedsport, a New York draft for $950, in full for invoice of Aug. 24, Form 17.

Receive of D. L. Hinman & Co. their check, in full of account, less 2%, Form 18.

The Enterprise Carting Co. has delivered to you the goods ordered of Walter Baker & Co. on Sept. 19, Form 19.

A telegraphic order has just been received from W. L. Anderson, Perth Amboy, for:

10 bbl. R. P. Flour	1500 lb. P. Tapioca
25 cases C. Baking Powder	10 bbl., 1600 lb., G. G. Starch

Fill the order. Terms: 2/5, net 30 da.

Deposit the check and the New York draft on hand.

Draw a cash check for office expenses, $25.

Make no entry in the cashbook. Ask for $5 in change.

NOTE. A *daily statement* shows the cash balance, a list of the journal entries, the sales, and the purchases.

Prove the cash and make out a daily statement. Take all books to the instructor for criticism. Proceed to post as follows:

1. Post the items in the Accounts Receivable section of the cashbook to the credit of the proper accounts in the sales ledger.

2. Post the items in the General column on the left side of the cashbook to the credit of the various accounts in the general ledger.

3. Post the items in the Accounts Payable section of the cashbook to the debit of the various accounts in the purchase ledger.

4. Post the items in the General column on the right side of the cashbook to the debit of the various accounts in the general ledger.

5. Post the sales from the sales book to the debit of the different accounts in the sales ledger.

6. Post the purchases from the invoice book to the credit of the different accounts in the purchase ledger.

7. Hand all books to the instructor for approval before proceeding with the next day's business.

TUESDAY, SEPT. 25

The following orders were received in this morning's mail:

1. From L. P. Ross, Warsaw:

12 bbl., 3900 lb., St. A Sugar
25 half chests, 1750 lb., M. Y. H. Tea
15 bbl., 4875 lb., F. G. Sugar
10 pkg. S. Yeast Cakes

You are not familiar with the financial standing of this firm, and so ship the goods to the order of The Union Bank, less 2%.

The purchaser consents to this form of shipment.

Enter the amount in the sales book under *C.O.D. Accounts.* Draw a sight draft in favor of your firm, indorse it, and attach it to the bill of lading; leave it with the bank for collection.

2. From Clinton, Jones & Co., Allston:

10 bbl., 3300 lb., Wh. C Sugar
5 bbl., 800 lb., L. Starch
10 pkg. S. Yeast Cakes
15 pails No. 1 Mackerel
25 pkg. G. Matches
5 bbl. C. R. Oatmeal
15 cases Horse-radish

A New York draft is inclosed in settlement of the bill, less 2%, Form 20.

Write the invoice, and prepare a bill of lading in the regular way. Deduct the discount and receipt the bill. Only the proceeds are entered in the cashbook.

3. From James K. Lusk, City:

25 cases D. Salad Dressing
6 cases, 120 sacks, C. P. Flour
50 cans B. Cocoa
250 lb. E. Chocolate Drops
15 bbl., 750 gal., N. O. Molasses

Fill the order. Terms: 2/5, net 30 da.

4. From F. E. Rogers, City:

15 bx., 300 lb., L. L. Raisins
5 bbl., 250 gal., P. R. Molasses
10 bx. P. Matches
10 bu. N. Y. Medium Beans

Fill the order. Terms: sight draft in 5 da. for the amount of the bill, less 2%.

Draw the draft, dating it Oct. 1 (Sept. 30 will be Sunday), and place it in the *Business Cash* envelope.

What is the custom in your state regarding paper that falls due on Sunday?

The old account of Williams, Harmon & Co., Troy, is several days past due. Draw a sight draft on them for $3126.30, and leave it with The Union Bank for collection.

Write a letter to Williams, Harmon & Co., telling them of the sight draft you have drawn.

The goods ordered of Smith, Perkins & Co. on Sept. 19 have been received, Form 21.

Place the following orders over the telephone:

1. With Geo. H. Buell & Co., City:

240 bu. N. Y. Medium Beans 25 bx., 1250 lb., E. Apples
200 lb. E. Raspberries

2. With J. E. Seel & Co., City:

50 bbl. L. L. Salt 25 pails M. C. Candy
500 lb. S. M. Candy

The note of A. J. Weaver & Co., payable at The Union Bank, the payment of which was assumed by your firm, is due to-day.

Issue a check in payment.

Receive of Frank Moore & Son, City, their note at 10 da. for $745.69, to apply on account, Form 22.

Receive a check of Salisbury, Gray & Co. in full for the invoice of Sept. 2, $260.51, Form 23.

Receive a check of J. D. Manning in full for the invoice of Aug. 25, $600, Form 24.

Pay by check the bill of R. O. Merrill & Co. for packing boxes, etc., $9.50, Form 25.

Pay James Burrill cash for shoeing horses, $2.50.

Deposit the checks and the New York draft on hand. The bank charges $\frac{1}{10}\%$ collection on the checks.

Make out a daily statement. If it is correct, post the different books as instructed on Sept. 24. Post the journal entry.

After the posting is finished, hand all books to the instructor for examination and approval.

WEDNESDAY, SEPT. 26

Goods ordered yesterday, over the telephone, of Geo. H. Buell & Co. have been delivered, Form 26.

Goods ordered of J. E. Seel & Co. have also been delivered, Form 27.

Receive of T. B. Welch & Co. their check, in full for the invoice of Sept. 24, less 2%, Form 28. In the letter inclosing the check they order the following:

25 bx. Wool Soap	5 bbl., 1650 lb., Wh. C Sugar
25 bx. Water Lily Soap	5 bbl., 1625 lb., F. G. Sugar
5 bbl., 1500 lb., Br. C Sugar	10 half chests, 600 lb., F. O. Tea

Fill the order. Terms: 2/5, net 30 da.

Telegraph Walter L. Mann & Co., Boston, ordering the following to be shipped by fast freight:

50 bx. Mucilage	50 cases C. Baking Powder

Limit the message to eleven words. Pay 50¢ charges in cash.

Leave the note of Walter L. Parker with The Union Bank for collection, Form 6.

The note is in the *Unpaid Bills* envelope.
Make the proper memorandum in the bill book.

Pay Walter Baker & Co.'s invoice of Sept. 22, less 3%, by a New York draft, which you buy by check at The Union Bank, Form 29. Exchange, 75¢.

Write a letter and inclose the draft.

Receive returns for the C.O.D. shipment to W. D. Greene, Dansville, on Sept. 24, Form 30.

Receive of Williams, Harmon & Co. a New York draft for invoice of Sept. 24, less 2%, Form 31.

W. D. Packard & Co., City, order:

10 pails No. 1 Mackerel	20 1-lb. cans H. Cocoa
3 cases C. Baking Powder	10 bags, 1250 lb., P. R. Coffee
	10 mats, 750 lb., F. J. Coffee

Bill the above 3/5, net 60 da.

This is a reliable firm, and you expect large orders from them frequently; hence the above terms.

The firm pays Geo. N. Cooper $1.25 by check for one carriage horse, to be charged to *Student's* private account.

Receive of Salisbury, Gray & Co. a sight draft, on J. E. Seel & Co., City, for $50, Form 32. Remit the draft by letter to J. E. Seel & Co., and make an entry in the journal.

J. D. Manning, Albany, orders:

10 bags, 1250 lb., P. R. Coffee
10 bales, 1500 lb., G. M. Coffee
20 mats, 1500 lb., F. J. Coffee

Fill the order. Terms: 2/5, net 30 da.

Deposit the money received from the C.O.D. shipment, and the check and the New York draft on hand. The bank charges 35¢ collection on the check.

Be sure to deduct the collection on the deposit ticket.

Make out a daily statement and have it corrected. Post as previously explained.

Present all books to the instructor for approval.

THURSDAY, SEPT. 27

The Enterprise Carting Co. has delivered to you the goods ordered of Stickney, Poor & Co. on Sept. 21, Form 33.

Remit Gray, Dunkle & Co., Chicago, your note at 15 da., to apply on account, $1000.

Write a letter and inclose the note.

Receive of W. L. Anderson his check for $400, to apply on account, Form 34.

The following orders were received by mail to-day.

1. From Fred W. Hill & Co., Rome:

75 1-lb. cans H. Cocoa
50 lb. E. Raspberries
3 bx., 120 lb., C. Codfish
10 bx., 240 lb., H. L. Chocolate

Fill the order. Terms: 2/5, net 30 da.

2. From D. L. Hinman & Co., City:

10 half chests, 750 lb., C. J. Tea
3 bags Ice-cream Salt
5 half chests, 300 lb., F. O. Tea
3 bbl., 480 lb., H. W. Starch
10 half chests, 700 lb., M. Y. H. Tea

Fill the order. Terms: 2/5, net 30 da.

Discount at The Union Bank Frank Moore & Son's note received on Sept. 25. The proceeds are placed to your credit.

Make out a discount memorandum and pin it to the note. Place it in the pass book and hand it to the bank.

Make the proper records.

Your bank informs you that the sight draft drawn on Fred W. Hill & Co., Rome, on Sept. 24 has been collected. Collection, $\frac{1}{10}\%$.

Have the amount entered in the pass book, and make the proper records in the other books.

Give A. W. Weet your check for $65 to be charged to the private account of Geo. H. Dobbin.

Goods ordered of Gray, Dunkle & Co. on Sept. 21 have been delivered, Form 35.

Deposit the check on hand. No collection is charged.

Make out a daily statement and have it examined, after which post the different books in the regular way.

Hand all books to the instructor for approval.

FRIDAY, SEPT. 28

Receive of James K. Lusk, City, a letter inclosing a check, in payment of the invoice of Sept. 25, less 2%, Form 36. He also orders the following items:

10 bx. Sunlight Soap
50 lb. Pearl Tapioca
3 bbl., 480 lb., G. G. Starch

Fill the order. Terms: 2/5, net 30 da.

Salisbury, Gray & Co., Rochester, order:

15 bbl. R. P. Flour	4 bbl., 200 gal., N. O. Molasses
10 bbl. L. L. Salt	20 bx. Wool Soap
10 bbl., 3250 lb., St. A Sugar	5 bbl., 1500 lb., Br. C Sugar
25 bx. P. Matches	10 bx. Butter Color
5 pails No. 1 Mackerel	15 doz. pint cans Olives
5 bx., 250 lb., C. Raisins	5 bbl. C. R. Oatmeal

Fill the order. Terms: 3/5, net 30 da.

The Enterprise Carting Co. has just delivered to you the goods ordered of Bates, Aldrich & Co. on Sept. 21, Form 37.

Give Geo. H. Buell & Co. your note at 30 da., with interest at 6%, for the net amount of the invoice of Sept. 26.

A telegraphic order has just been received from W. M. Beach, Pittsfield, for:

3 half chests, 225 lb., C. J. Tea
50 lb. Flake Tapioca

He requests that the goods be shipped by express, C.O.D.

Fill the order. Terms: cash, less 1%.

Goods ordered of D. W. Simpson & Co., Chicago, on Sept. 21 have been delivered, Form 38.

Remit Bates, Aldrich & Co. a New York draft, in full for the goods received to-day, less 3%, Form 39. Buy the New York draft by check. Exchange, 75¢.

Indorse the draft and inclose it in a letter.

Deposit the check on hand.

Your bank informs you that the draft drawn on Williams, Harmon & Co. on Sept. 25 has been collected. Collection, $\frac{1}{10}\%$.

Have the amount entered in the pass book, and make the proper entries in the other books.

Make out a daily statement. Post.

Hand all books to the instructor for approval.

SATURDAY, SEPT. 29

Draw from the bank by a cash check for office expenses, $50.

Ask for ten five-dollar bills.

The following orders have been received by mail to-day.

1. From W. D. Packard & Co., City:

10 half chests, 750 lb., C. J. Tea 10 half chests, 600 lb., F. O. Tea
5 bbl., 800 lb., L. Starch

They inclose check in payment of the invoice of Sept. 26, less 3%, Form 40.

Fill the order. Terms: 2/10, net 60 da.

2. From D. L. Hinman & Co., City:

20 bags Ice-cream Salt 50 bbl. L. L. Salt
10 bbl., 3250 lb., St. A Sugar 10 bbl., 3250 lb., F. G. Sugar
10 bbl., 600 lb., O. Crackers 10 bbl., 600 lb., C. S. Crackers

They inclose their note at 10 da. for $500, to apply on account, Form 41.

Fill the order. Terms: 2/5, net 30 da.

3. From Frank Moore & Son, City:

6 bx., 300 lb., E. Apples 5 bx., 125 lb., E. Apricots
15 bbl., 4875 lb., St. A Sugar 10 pails M. C. Candy
500 lb. S. M. Candy

Fill the order. Terms: 2/5, net 30 da.

Pay John Harvey cash for cleaning the store, $5. Also pay salaries for the week in cash, $35.

Your bank informs you that the sight draft attached to the bill of lading and left with your bank for collection Sept. 25 has been paid. Collection, $\frac{1}{10}\%$.

Have the amount entered in the pass book.

Pay by check Enterprise Carting Co.'s bill for freight and drayage to date, $77.75, Form 42.

Charge *Merchandise.*

Pay William Jennings $15 by check for keeping and feeding horses to date.

Make a journal entry crediting the Proprietors' private accounts with one-half month's salary for September.

Charge *Expense*, and credit each proprietor for one half the monthly salary agreed upon in the articles of copartnership.

Receive cash for subrental of a part of the store, $65.

Get the cash at the office or of the instructor and credit *Rent* account.

Make out a daily statement and hand it in.

Post as instructed for previous days.

Closing the Work for September

1. Study the explanation of the model cashbook illustrated on pages 204 and 205. Close the cashbook, and follow all the details of the model very carefully.

Note that the closing of the Discount column, on either side, is accomplished by a journal entry.

The model does not show the total column under cash receipts, but this column will be found in your blank books. In closing the cash receipts carry all totals to this column.

2. Post the summary of the cashbook to the general ledger.

3. Study the illustration and the explanation of the sales book, page 201. Make the proper entry to close it. Post the entry to the general ledger.

4. Study the illustration and the explanation of the invoice book, page 206. Make the proper entry to close it. Post the entry to the general ledger.

5. Study the illustration and the explanation of the journal, page 208. Make the proper entry to close it. Post the entry to the general ledger.

6. Prove the sales ledger by an abstract similar to the following:

Abstract of Sales Ledger, September 30, 19—

	12	Wm. B. Tenny & Co.	920				
	14	D. M. McCarthy	1291	50			
	15	J. A. Merrill & Son	9120				
	16	R. W. White & Son	492				
	20	Baker, Hillis & Co.	162	50			
	21	J. E. Bender	1250				
	22	Wm. A. Conway	1120				
	24	Morgan, Wright & Co.	962	50			
	25	Kendall Mfg. Co.	162	90			
	26	F. E. Moore	865				
	29	C. W. Gray	120				
	31	G. H. Dunkle	66	25			
	24	*Balance per Accts. Rec. in G. L.*			*16532*	*65*	
			16532	65	16532	65	

7. Prove the purchase ledger by an abstract similar to the following:

Abstract of Purchase Ledger, September 30, 19—

	18	Jordan, Marsh & Co.			6142	50
	19	Morgan, Traver & Co.			3150	
	21	Gray, Salisbury & Co.			1250	
	24	Williams & Rogers			925	
	26	C. H. Lyman & Son			2100	
	27	M. A. Weaver & Co.			1650	
	29	J. E. King, Son & Co.			1122	16
	30	M. F. Raymond			4698	20
	31	E. R. Barnard & Co.			162	90
	46	*Balance per Accts. Pay. in G. L.*	*21200*	*76*		
			21200	76	21200	76

8. Have the abstracts approved by the instructor. If they are correct, make a trial balance from the general ledger.

9. Have the trial balance approved.

10. Prove the bill book.

11. Hand all books to the instructor for examination.

Remember the monthly statement of your bank account.

EXERCISE 60

A Written Review

The following review exercises are suggested.

1. Make the usual statements from the following trial balance:

A. L. Persons, Prop.		$8000.
Harry K. Leslie, Prop.		7000.
Cash	$448.45	
Deposit in First National Bank	2036.85	
Merchandise	8090.55	
Real Estate	3300.55	
Expense	203.20	
Taxes	60.40	
Horse and Wagon	280.	
Office Fixtures	177.60	
Interest	27.45	
Salaries	324.90	
Accounts Receivable	1258.25	
Accounts Payable		2218.40
Bills Receivable	155.20	
B. & O. R.R. Stock	1800.	
Bills Payable		1100.
A. L. Persons, Priv. Acct.	95.	
Harry K. Leslie, Priv. Acct.	60.	
	$18318.40	$18318.40

Inventories	*Resource*	*Liability*
Merchandise	$9150.	$95.10
Real Estate	3250.	60.
Expense	48.90	
Interest	15.25	
20 shares of B. & O. R.R. Stock at par		
Horse and Wagon at cost, less 10%		
Office Fixtures:		
Typewriter at cost, $70, less 10%		
Office Chairs at cost, $40, less 10%		
Office Desk at cost, $67.60		

2. Journalize the resources and the liabilities, and credit the proprietor for his net investment. Journalize the succeeding transactions, post all to the ledger, and take a trial balance. If the work is correct, all the personal accounts will balance.

April 1. Harold F. Carson began business with the following resources and liabilities:

Resources	
Merchandise on hand	$6925.
Bills Receivable on hand	460.
Interest on above	10.50
Cash on hand	1940.
W. F. Gordon on account	465.20
A. W. Dunham on account	1444.50
D. E. Sumner on account	750.
Ware & Co. on account	341.75
Liabilities	
R. W. Owens on account	1260.
J. A. Hazard on account	1020.
Howe & Co. on account	165.20
Mercer & Co. on account	250.
Unpaid freight bill	104.25
Unpaid taxes	250.
Bills Payable outstanding	420.
Interest on above	3.

4. He drew a sight draft on A. W. Dunham for $1020, in favor of J. A. Hazard.

8. He drew a sight draft on W. F. Gordon for $250, in favor of H. J. King, City Treasurer, in payment of taxes now due.

10. He drew a 10-da. draft on W. F. Gordon for $165.20, in favor of Howe & Co.

12. He drew a sight draft on D. E. Sumner for $250, in favor of Mercer & Co.

15. He drew a sight draft on A. W. Dunham for $424.50, in favor of E. R. Maxon, in payment of his note and interest. Face of the note, $420; interest, $4.50.

19. R. H. Weller remitted a sight draft on R. W. Owens for $472.50, in payment of his note and the interest. Face of the note, $460; interest, $12.50.

22. He drew a sight draft on D. E. Sumner for $500, in favor of R. W. Owens.

24. He drew a sight draft on Ware & Co. for $104.25, in favor of Fred H. Kerns, Agt., for a freight bill now due.

27. He drew a sight draft on W. F. Gordon for $50, in favor of R. W. Owens.

30. He drew a 30-da. draft on Ware & Co. for $237.50, in favor of R. W. Owens.

Incoming Business Forms for October

Before beginning the business practice for October, read the explanatory note preceding the Incoming Business Forms for September, page 209.

Form 43. Note of Frank Moore & Son, City, dated Oct. 1, drawn in favor of your firm, with interest at 6%, payable in 60 da. at The Union Bank, $500.

Form 44. Invoice of Walter L. Mann & Co., Boston, dated Sept. 29. Terms: 10 da. draft, less 1%. Items as follows:

50 bx. Mucilage — 50 cases C. Baking Powder

Deduct the 1% discount.

Form 45. Draft of Walter L. Mann & Co., Boston, dated Sept. 29, drawn on your firm, in their own favor, at 10 days' sight, for the net amount of the above invoice.

Form 46. Draft at 10 days' sight, drawn by Smith, Perkins & Co., New York, Sept. 29, on your firm, in favor of themselves, for $750.

Form 47. Check of Salisbury, Gray & Co., Rochester, dated Oct. 1, drawn on Traders National Bank, in favor of your firm, for $602.37.

Form 48. Check of D. L. Hinman & Co., City, dated Oct. 2, drawn on Traders National Bank, in favor of your firm, for $632.05.

Form 49. Invoice of Geo. H. Buell & Co., City, dated Oct. 3. Terms: a 30-day note in 10 da., with interest at 6 %. Items as follows:

100 bu. N. Y. Medium Beans — 150 bx. E. Apples
500 lb. E. Raspberries

Form 50. Sight draft of D. W. Smith & Co., New York, dated Oct. 2, drawn on your firm, in favor of themselves, for $900, and indorsed by them to the First National Bank, New York. Transferred by the First National Bank to The Union Bank of your place, W. O. King, Cashier.

Form 51. Draft of The Union Bank, City, on Chemical National Bank, New York, dated Oct. 3, drawn in favor of your firm, for $500, W. B. Frey, Cashier.

Form 52. Check of Frank Moore & Son, City, dated Oct. 2, drawn on Traders National Bank, in favor of your firm, for $348.14.

Form 53. Sight draft of T. B. Welch & Co., Medford, dated Oct. 2, on D. O. Mosher, City, drawn in favor of your firm, for $79.60.

Form 54. *C.O.D.* envelope. Data as follows: cash inclosed, $80.32. Goods were shipped by your firm to W. M. Beach, Pittsfield, Sept. 28.

See note under Form 30, page 212.

Form 55. Draft of Traders National Bank, Albany, on Chemical National Bank, New York, dated Oct. 3, drawn in favor of J. D. Manning and transferred to your firm by full indorsement, for $919.24, D. O. Morehouse, Cashier.

Form 56. Invoice of Bates, Aldrich & Co., Boston, dated Oct. 3. Terms: 3/5, net 30 da. Items as follows:

200 1-lb. cans Huyler's Cocoa 100 bbl. S. P. Flour

Form 57. Draft of The Union Bank, City, dated Oct. 4, drawn on Chemical National Bank, New York, in favor of your firm, for $500, W. B. Frey, Cashier.

Form 58. Sight draft of D. W. Smith & Co., New York, dated Oct. 3, on your firm, in favor of C. W. Mobray, City, for $300.

Form 59. Invoice of Smith, Perkins & Co., New York, dated Oct. 3. Terms: 5/10, net 30 da. Items as follows:

100 bags P. R. Coffee 100 half chests F. O. Tea
50 half chests C. J. Tea

Form 60. Olney P. Davis & Co.'s draft, dated City, Oct. 5, at 1 day's sight, on Arthur M. Black, in favor of themselves, for $75.96.

Form 61. Check of F. W. Earl & Co., Weedsport, dated Oct. 4, drawn on Traders National Bank, in favor of your firm, for $1605.48.

Form 62. Invoice of Walter Baker & Co., New York, dated Oct. 4. Terms: 3/5, net 30 da. Items as follows:

500 1-lb. cans Baker's Cocoa 100 bx. Baker's Chocolate

Form 63. Invoice of Gray, Dunkle & Co., Chicago, dated Oct. 4. Terms: 3/10, net 30 da. Items as follows:

50 bbl. Br. C Sugar 100 bbl. Wh. C Sugar
25 half chests M. Y. H. Tea

Form 64. Draft of Traders National Bank, Dansville, on Chemical National Bank, New York, dated Oct. 5, drawn in favor of W. D. Greene and transferred to your firm by full indorsement, for $262.15, W. E. Traver, Cashier.

Form 65. Check of W. D. Packard & Co., City, dated Oct. 6, drawn on Traders National Bank, in favor of your firm, for $586.53.

Form 66. Sight draft of Salisbury, Gray & Co., Rochester, dated Oct. 5, drawn on J. E. Seel & Co., in favor of your firm, for $76.42.

Memoranda of Transactions for October

Monday, Oct. 1

The following orders were received in this morning's mail.

1. From F. W. Earl & Co., Weedsport:

25 half chests F. O. Tea	10 bx. W. L. Soap
25 half chests C. J. Tea	10 bbl. F. G. Sugar

Fill the order. Terms: 2/5, net 30 da.

2. From J. D. Manning, Albany:

10 bbl. St. A Sugar	10 bu. N. Y. Medium Beans
5 bbl. F. G. Sugar	10 bx. H. O. Oatmeal
25 doz. bottles M. Pickles	25 bx. H. L. Chocolate
50 bx. L. L. Raisins	25 bx. E. Chocolate Drops
5 bales G. M. Coffee	5 pails No. 1 Mackerel
10 bx. E. Apples	10 bx. Butter Color

Fill the order. Terms: 2/5, net 30 da.

3. From R. D. Fowler & Co., City:

5 bbl. S. P. Flour	3 bx. Butter Color
5 bbl. R. P. Flour	3 bbl. C. R. Oatmeal
20 bx. C. Codfish	

Fill the order. Terms: sight draft in 5 da. for the amount of the bill, less 2%.

Draw a sight draft, date it ahead 5 da., and place it in the *Business Cash* envelope. Deduct the discount on the invoice and in the sales book. Do not count this draft in proving cash.

The Union Bank informs you that the note of Walter L. Parker, left for collection on Sept. 26, has been credited to your account at its face value.

Discount at The Union Bank Benton Bros. & Co.'s note, bought by your firm of A. J. Weaver & Co., and receive credit for the proceeds, Form 7.

Receive of Frank Moore & Son their note, at 60 da., with interest at 6%, for $500, Form 43.

The Enterprise Carting Co. has just delivered to you the goods ordered of Walter L. Mann & Co. on Sept. 26.

Look up the invoice, Form 44, and handle it in the regular way. Take the draft which they inclosed, Form 45, and accept it. Place the draft in an envelope, properly addressed, and hand it in.

An order has just been received from Clinton, Jones & Co., Allston, for the following:

10 bx. Mucilage
10 cases C. Baking Powder
10 bbl. St. A Sugar
10 half chests M. Y. H. Tea
10 bales G. M. Coffee
10 bags P. R. Coffee

Fill the order. Terms: 2/5, net 30 da.

Write letters, ordering the following goods:

1. Of Walter Baker & Co., New York:

500 1-lb. cans Baker's Cocoa
100 bx. Baker's Chocolate

2. Of Smith, Perkins & Co., New York:

100 bags P. R. Coffee
100 half chests F. O. Tea
50 half chests C. J. Tea

In a communication received from Smith, Perkins & Co. this morning there was a draft at 10 days' sight on your firm, in favor of themselves, for $750, Form 46. Accept the draft and inclose it in the above letter.

3. Of Gray, Dunkle & Co., Chicago:

50 bbl. Br. C Sugar
100 bbl. Wh. C Sugar
25 half chests M. Y. H. Tea

Inclose your check in payment of the invoice of Sept. 26, less 3%, and the proceeds of your note, in their favor, due Oct. 12.

Deduct the discount from the face of the note, add the proceeds of the note to the net amount of the bill, and write a check to cover the total amount. Have the letter approved before inclosing the check.

Write Bates, Aldrich & Co., Boston, ordering the following goods:

200 1-lb. cans Huyler's Cocoa
100 bbl. S. P. Flour

Telephone Geo. H. Buell & Co., City, the following order:

100 bu. N. Y. Medium Beans
150 bx. E. Apples
500 lb. E. Raspberries

An order has just been received from Williams, Harmon & Co., Troy, for:

200 1-lb. cans Baker's Cocoa
25 bx. Baker's Chocolate
25 half chests F. O. Tea
25 half chests C. J. Tea
10 bbl. S. P. Flour

Fill the order. Terms: 2/10, net 60 da.

Give Smith, Perkins & Co. a check for the invoice of Sept. 10, less 3%. The amount of the invoice is $947.60.

Take the draft drawn on F. E. Rogers on Sept. 25 from your *Business Cash* envelope, indorse it properly, and deposit it in the bank.

Deposit all currency and the check on hand.

Make out a daily statement and hand it in. Post.

Hand all books to the instructor for approval.

TUESDAY, OCT. 2

The following orders were received in this morning's mail. Fill each in the regular way. Terms: 2/5, net 30 da.

1. From W. L. Anderson, Perth Amboy:

25 half chests M. Y. H. Tea — 10 bbl. Br. C Sugar
10 bbl. Wh. C Sugar — 10 bales G. M. Coffee
10 bbl. S. P. Flour

2. From W. D. Greene, Dansville:

25 bx. E. Apples — 50 bu. N. Y. Medium Beans
250 lb. E. Raspberries

Draw by a cash check for office expenses, $125.

Ask for $5 in change.

Pay cash for repairing the wagons, $9.

Pay D. W. Simpson & Co. by check for the invoice of Sept. 27, less 3%.

Write a letter and inclose the check.

Receive a check of Salisbury, Gray & Co., Rochester, in payment of the invoice of Sept. 28, less 3%, Form 47.

A telegraphic order has just been received from W. C. Holbrook & Co., Resort, for:

10 bags P. R. Coffee — 10 bales G. M. Coffee
20 half chests C. J. Tea

Ship the above to the order of The Union Bank, less 2%. Deduct the discount on the bill and in the sales book. Enter in the sales book as a *C.O.D.* item. Draw a sight draft in favor of yourself, indorse it, attach to the bill of lading, and leave it with your bank for collection.

Receive of D. L. Hinman & Co. their check, in payment of the invoice of Sept. 27, less 2%, Form 48.

Engage W. O. Warner as traveling salesman at a salary of $125 per month and expenses. Give him a check for $100 to cover expenses on a trip through adjacent territory.

Engage F. E. Ramsey, who has been assisting in the shipping room for several days, as general assistant, at a salary of $10.50 per week, beginning Oct. 1. Pay him cash for services to date, $4.

Pay by check S. E. Waldorph for cooperage, $16.50.

Deposit the checks on hand. Collection, $\frac{1}{10}\%$ on the check of Salisbury, Gray & Co.

Make out a daily statement. Post.

Hand all books to the instructor for approval.

WEDNESDAY, OCT. 3

Goods ordered of Geo. H. Buell & Co. on Oct. 1 have been delivered, Form 49.

Pay a sight draft of D. W. Smith & Co., in favor of themselves, by check, $900, Form 50. The draft is presented to you by The Union Bank, and you make your check payable to that institution.

Remit Walter L. Mann & Co., Boston, a New York draft, to apply on account, $500, Form 51. Buy the draft by check. Exchange, 25¢.

Indorse the draft.

A note in favor of Boyd, Evans & Co. is due to-day, payable at The Union Bank.

Issue a check in payment.

Receive of Frank Moore & Son, City, their check, in payment of the invoice of Sept. 29, less 2%, Form 52.

The letter inclosing the above check contained the following order:

100 1-lb. cans Huyler's Cocoa	15 bbl. S. P. Flour
20 bx. E. Apples	250 lb. E. Raspberries
25 bu. N. Y. Medium Beans	10 bbl. Wh. C Sugar

Fill the order. Terms: 2/5, net 30 da.

Draw a sight draft on Fred W. Hill & Co., Rome, in favor of your firm, for $300.

Place the draft in the *Business Cash* envelope, and write a letter to Fred W. Hill & Co., informing them of the draft drawn on them at sight through your bank.

Credit Fred W. Hill & Co. in the cashbook, as they have agreed to honor the draft on presentation.

Fill an order just received from Williams, Harmon & Co., Troy, for:

15 bbl. L. L. Salt	15 bbl. S. P. Flour
25 half chests C. J. Tea	10 bbl. Br. C Sugar

Terms: 2/10, net 60 da.

T. B. Welch & Co., Medford, order:

20 bbl. N. O. Molasses	20 bbl. P. R. Molasses
10 bbl. F. G. Sugar	5 bbl. L. Starch

Fill the order. Terms: 2/10, net 60 da.

Inclosed in the above letter was a sight draft on D. O. Mosher, City, in your favor, for $79.60, to apply on account, Form 53.

Credit T. B. Welch & Co. in the cashbook, as D. O. Mosher has agreed to honor the draft on presentation.

Place the draft in the *Business Cash* envelope.

Receive returns from the C.O.D. shipment to W. M. Beach, Pittsfield, Form 54.

Deposit the sight draft of T. B. Welch & Co., the draft drawn on Fred W. Hill & Co., the check received from Frank Moore & Son, and the returns from the C.O.D. shipment to W. M. Beach. $\frac{1}{10}\%$ collection on the draft on Fred W. Hill & Co.

Make out a daily statement. Post.

Hand all books to the instructor for approval.

THURSDAY, OCT. 4

The following orders were received in this morning's mail.

1. From John P. Kennedy & Co., City:

2 half chests C. J. Tea	10 pails No. 1 Mackerel
5 cases R. Baking Powder	5 bbl. C. R. Oatmeal
5 bx. H. L. Chocolate	10 bx. C. Raisins
5 bu. N. Y. Medium Beans	5 bbl. N. O. Molasses
20 bx. C. Codfish	10 bx. Wool Soap

The references are satisfactory and you fill the above order, quoting your regular terms: 2/5, net 30 da.

2. From W. W. Williams, City:

5 half chests F. O. Tea	2 bbl. H. W. Starch
10 bags Ice-cream Salt	25 pkg. N. Yeast Cakes
	5 bx. W. L. Soap

The references are satisfactory and you fill the order. Terms: 2/5, net 30 da.

Receive from J. D. Manning, Albany, a New York draft, in settlement of the invoice of Oct. 1, less 2%, Form 55.

The Enterprise Carting Co. has delivered to you the goods ordered of Bates, Aldrich & Co. on Oct. 1, Form 56.

Buy of The Union Bank a New York draft, by check, and remit it to D. W. Smith & Co., New York, to apply on account, $500, Form 57. Exchange, 25¢.

Remit Smith, Perkins & Co., New York, a check for the invoice of Sept. 24, less 5%.

Deposit the New York draft received from J. D. Manning.

Make out a daily statement. Post.

Hand all books to the instructor for approval.

FRIDAY, OCT. 5

Pay D. W. Smith & Co.'s sight draft, on you, in favor of C. W. Mobray, by check, $300, Form 58.

The Enterprise Carting Co. has just delivered to you the goods ordered of Smith, Perkins & Co. on Oct. 1, Form 59.

The following orders were received this morning, and are to be filled in the regular way. Terms: 2/5, net 30 da.

1. From Frank Moore & Son, City:

10 bbl. O. Crackers	10 bbl. C. S. Crackers
5 bx. C. Codfish	10 bbl. R. P. Flour

2 bbl. P. R. Molasses

2. From F. E. Rogers, City:

10 bbl. O. Crackers	5 bbl. C. S. Crackers
2 bags P. R. Coffee	2 bales G. M. Coffee

10 bx. E. Chocolate Drops

Accept, payable at The Union Bank, for the private account of Arthur M. Black, Olney P. Davis & Co.'s draft in favor of themselves, at 1 day's sight, for $75.96, Form 60.

This draft is the outcome of some matter connected with the private business of Arthur M. Black, and the sum is charged directly to his *private account.* Enter in the journal and the bill book.

A call has just come over the telephone from L. H. Pierson, City, for:

3 bbl. O. Crackers	10 bags Ice-cream Salt
5 bbl. C. S. Crackers	5 bx. Wool Soap
3 bbl. R. P. Flour	3 bbl. F. G. Sugar
5 bx. Butter Color	3 mats F. J. Coffee

He offers to accept your draft at 20 da. from date of the bill for the amount.

Fill the order.

Draw a draft at 20 da. from date, in favor of your firm, indorse it, and leave it with the bank for collection.

Make the proper records in the journal and the bill book.

Pay John Sampson cash, for carpenter work in making repairs in the store, $7.50.

Pay Roby Real Estate Co. by check, for rent of the store for October, $300.

Charge the *Rent* account in the cashbook.

Pay Wm. Jennings by check, for keeping and feeding horses, $29.

Receive a check from F. W. Earl & Co., Weedsport, in payment of the invoice of Oct. 1, less 2%, Form 61.

Deposit the check just received. Collection, $\frac{1}{10}$ %.

Make out a daily statement. Post.

Hand all books to the instructor for approval.

SATURDAY, OCT. 6

Your team has delivered the goods ordered of Walter Baker & Co. on Oct. 1, Form 62.

The Enterprise Carting Co. has delivered the goods ordered of Gray, Dunkle & Co., Chicago, on Oct. 1, Form 63.

Fred O. Wolven, City, telephones for the following goods:

1 bbl. O. Crackers — 1 bbl. F. G. Sugar
1 half chest F. O. Tea

Because of some special dealing with Mr. Wolven, the goods are furnished to him at *cost* prices. Terms: on account.

Receive a New York draft from W. D. Greene, Dansville, in payment of the bill of Oct. 2, less 2%, Form 64.

Pay salaries for the week in cash as follows:

Albert B. Curtis	$25.
Edward McDorman	10.
F. E. Ramsey	10.50

Receive a check from W. D. Packard & Co., City, in payment of the invoice of Sept. 29, less 2%, Form 65.

The following orders, which were received in this morning's mail, are to be filled in the regular way. Terms: 2/5, net 30 da.

1. From D. L. Hinman & Co., City:

2 bags P. R. Coffee	5 bbl. S. Pastry Flour
2 bales G. M. Coffee	5 bx. C. Codfish
5 bbl. O. Crackers	5 bbl. N. O. Molasses
5 bbl. C. S. Crackers	5 bbl. P. R. Molasses

2. From James K. Lusk, City:

15 bbl. O. Crackers	5 bbl. C. S. Crackers
3 bbl. St. A Sugar	5 bu. N. Y. Medium Beans
1 bbl. H. W. Starch	5 pkg. S. Yeast Cakes

3 half chests M. Y. H. Tea

3. From Salisbury, Gray & Co., Rochester:

8 bbl. St. A Sugar	15 bbl. C. Soda Crackers

10 bbl. Br. C Sugar

Salisbury, Gray & Co. inclose a sight draft in your favor, on J. E. Seel & Co., City, for $76.42, to apply on account, Form 66.

Write a letter to J. E. Seel & Co., inclosing the above draft to apply on account.

Pay for postage, etc., in cash, $7.50.

The acceptance in favor of Olney P. Davis & Co. is due to-day, payable at The Union Bank.

Issue a check in payment.

Albert B. Curtis, your shipping clerk, has made application for a position with Perry, Mason & Co., Boston. The position with that firm promises to develop an excellent future for Mr. Curtis, and you have decided to aid him in securing the place. Write a letter of recommendation for Mr. Curtis, placing a high estimate on his integrity and general business ability.

SUGGESTIONS BEARING UPON LETTERS OF RECOMMENDATION

1. Avoid exaggerated expressions. They injure the one recommended.
2. Be thoroughly acquainted with the qualities of which you speak.
3. Recommend only those who are worthy of some praise.
4. Be sincere; do not entirely pass over defects when you know that they exist.
5. Generally speaking, do not write a letter of recommendation addressed, *To whom it may concern,* as such a letter cannot give a specific commendation.
6. Aim to be original in your expressions.
7. A good letter of recommendation usually conforms with the following arrangement of thoughts:

Paragraph No. 1: Introduction.
Paragraph No. 2: General estimate of character and ability.
Paragraph No. 3: Brief summary and courteous closing.

Give Geo. H. Dobbin a check, for private use, $25.

Student withdraws by check, from the business for private use, $50.

Deposit the check, the New York draft, the sight draft on R. D. Fowler & Co., and all the currency on hand.

Make out a daily statement and have it examined. Post.

Proceed to adjust the interest on the Proprietors' accounts, preparatory to making the statements and closing the general ledger.

HOW TO ADJUST INTEREST BETWEEN PARTNERS

1. The investments were all paid on Sept. 15. Determine the exact number of days from that date to Oct. 6. Find the interest on each investment for this time.

2. The private accounts were credited for salaries Sept. 29. Determine the exact number of days from that date to Oct. 6. Find the interest on each private account credit for this time.

3. Find the total interest due the partners.

4. Find the interest on each man's withdrawals from the time of such withdrawals to Oct. 6.

5. Find the total interest due the business from the withdrawals of the partners.

6. Find the difference between the two totals above. This sum is the net interest due the partners from the business.

7. Next find the difference between the total interest due each and the total interest to be charged to each. These sums represent the amounts to be credited to each partner and debited to *Interest* account. This interest does not properly belong to the regular *Interest* account, since that account is intended solely for interest arising from transactions with others.

HOW INTEREST DUE ON THE PROPRIETORS' ACCOUNTS MAY BE KEPT OUT OF THE REGULAR INTEREST ACCOUNT

In this set gains and losses are to be shared equally; therefore one third of any sum placed in the *Interest* account will finally be transferred to the opposite of the proprietors' accounts when the proper shares of profits or losses are carried to these accounts. For example: Suppose the total interest due the partners is \$60. Of this sum there is due A \$17, B \$21, and C \$22. If this was entered on the books it would appear as follows:

Interest		\$60	
	A		\$17
	B		21
	C		22

If the \$60 interest was to be closed to *Loss and Gain* and then distributed to the partners as a cost to the business, each partner's gain would be decreased \$20, or his loss increased \$20. Then we should have:

1. A's debit is \$20, and his credit \$17. He owes the business \$3.
2. B's debit is \$20, and his credit \$21. The business owes him \$1.
3. C's debit is \$20, and his credit \$22. The business owes him \$2.

Instead of this, one entry will adjust the interest between partners, as follows:

A		\$3	
	B		\$1
	C		2

On this basis of reasoning, make the proper entry to adjust the interest on the proprietors' accounts in the business.

Have the entry approved before posting it to the ledger.

Closing the Work for October

1. Close the cashbook. Proceed carefully and study the model cashbook. Post the summary of the cashbook.
2. Rule and foot the sales book and make the proper entry. Post the entry.
3. Rule and foot the journal and make the proper entry. Post the entry.
4. Rule and foot the invoice book and make the proper entry. Post the entry.
5. Prove the sales ledger. (See model, page 229.)
6. Prove the purchase ledger. (See model, page 229.)
7. Have your abstracts approved by the instructor.
8. Make a trial balance from the general ledger and have it approved.
9. The following is a statement of the inventories.

Inventories. October 6, 19—

Merchandise (Resource):		
Per schedule on file		$24057.59
Merchandise (Liability):		
Due Enterprise Carting Co. for freight and cartage to date		$339.45
Horse and Wagon:		
Cost	$525.	
Depreciation	5.25	$519.75
Rent:		
Due for subrentals	$15.	
Unexpired rent	225.	$240.
Insurance:		
Unexpired premium		$195.
Office fixtures:		
Cost	$1920.	
Depreciation	192.	$1728.

Expense (Resource):		
2 tons Coal	$9.	
Stationery, etc.	6.50	$15.50
Expense (Liability):		
Unpaid gas bill	$15.69	
Due proprietors on salary	68.75	
Due traveling salesmen on salary	31.50	
Due Bell Telephone Co.	9.50	$125.44

* 10. Make a statement of losses and gains and have it approved. The following is suggestive of the form of statement in this set.

Statement of Losses and Gains, October 6, 19—

Mdse. bought of A. J. Weaver & Co.			14500			
Mdse., regular purchases to Oct. 6			21500	90		
Freight and drayage paid to date		120.				
Freight and drayage due to date, per inv.		390.	510			
Mdse. sales to date					24170	90
Mdse. on hand, per inv.					17200	10
Gain on Mdse., carried down			*4860*	*10*		
			41371		41371	
Gain on Mdse., brought down					4860	10
Expense, total per ledger		790.				
Expense, unpaid items, per inv.		340.				
Expense, total outlay		1130.				
Expense, less items on hand, per inv.		120.	1010			
Mdse. Disc. on purchases		120.				
Mdse. Disc. on sales		390.	270			
Interest allowed to us		10.				
Interest allowed by us		20.50	10	50		
Insurance, paid premium		340.				
Insurance, unexpired premium		290.	50			
Coll. and Exch., total outlay			17	50		
Rent, paid to date		420.				
Rent, unexpired	250					
Rent, due for subrentals	50	300.	120			
Depreciation						
a. Horse and Wagon, on account of use			15			
b. Office Fixtures, on account of use			160			
Net gain of the firm			*3207*	*10*		
			4860	10	4860	10

11. Make a statement of resources and liabilities and have it approved. The following is suggestive of the form for the statement of resources and liabilities in this set.

* The second statement forms and the journal method of closing the ledger, as illustrated in Appendix G, may be used at the option of the instructor.

Statement of Resources and Liabilities, October 6, 19—

Cash in bank		4357			
Properties classified as follows:					
Good Will, estimated value		2000			
Mdse., per inv.	17200.10				
Mdse., unpaid freight and cartage	390.	16810	10		
Horse and Wagon, cost	555.				
Horse and Wagon, depreciation	15.	540			
Office Fixtures, cost	1960.				
Office Fixtures, depreciation	160.	1800			
Expense, unpaid items, per inv.	340.				
Expense, per inv.	120.			220	
Insurance, unexpired premium		290			
Rent, unexpired	250.				
Rent, due from subrentals	50.	300			
Accts. Receivable, per sales ledger		7200			
Bills Receivable		200			
Accts. Payable, per purchase ledger				9020	
Bills Payable				750	
Total resources		33497	10		
Total liabilities				9990	
Edw. S. Rose, Priv. Acct.		100			
H. A. Lester, Priv. Acct.				138	70
Benj. F. Custer, Priv. Acct.				261	30
Capital of the firm				20000	
Net gain of the firm				*3207*	*10*
		33597	10	33597	10

12. Make a statement proof and have it approved.

13. Close the general ledger. Distribute the net gain or the net loss to the partners' private accounts.

The firm account should not be closed.

Bring down all inventories below the rulings under Oct. 8.

14. Prove the bill book.

15. Close all accounts in the sales ledger and the purchase ledger which balance.

16. Hand in all books for examination and approval.

This set will now be discontinued to afford the student additional practice along somewhat different lines of work.

Draw a check in favor of the instructor for the amount to the credit of your firm in The Union Bank, and hand it in. Also hand in everything in the *Personal Cash* envelope.

Remember the monthly statement of your bank account.

EXERCISE 61

A Written Review

The following review exercise is suggested:

The following is the trial balance of an insolvent business in which the proprietors have equal investments:

John H. Reader, Prop.		$1250
H. J. Curry, Prop.		1250
Cash	$880.20	
Merchandise	3350.	
Accounts Receivable	2404.	
Bills Receivable	2065.80	
Furniture and Fixtures	850.	
Expense	2062.90	
Interest	26.10	
Accounts Payable		7400
Bills Payable		1739
	$11639.	$11639

The following is a summary of the resource and liability inventories:

Furniture and Fixtures, on hand	$875.
Expense, items on hand	167.25
Unpaid telephone bill	21.70
Merchandise, on hand	1500.
Unpaid freight bill	67.25
Interest accrued on Bills Pay.	5.60
Interest accrued on Bills Rec.	7.80

a. Make the usual statements and the proof.

b. What will the business pay on the dollar, that is, what per cent?

EXERCISE 62

Set H. Carpets

Directions. Record the following transactions in the journal, the cashbook, the sales book, and the purchase book; post to *one* ledger; take a trial balance; make the two statements, using the forms given in Set VI; close the ledger; take a trial balance after closing.

The investments of the partners are equal, and the losses or the gains are to be shared equally. The firm name is to be *Student* & Fox.

Use loose sheets of journal paper and ledger paper for recording the transactions. Do not use special columns in the cashbook or the journal.

Note. This set is to be finished without assistance from the instructor.

May 1. *Student* and Henry I. Fox begin the Carpet business with the following resources and liabilities:

Cash on hand, $1000
Cash on deposit in The Union Bank, $750
A. K. Johnson's note, $240
Interest accrued on the above note, $10
The following owe them on account:
Reader & Co., $350
Ray S. Baker, $525
O. H. Barker, $225
A note in favor of John F. Carrier, $485.50
Interest accrued on the above note, $14.50.

2. Buy of Howard S. Crane, on account, 2% 10 da.:

300 yd. Moquette at $1.25 250 yd. Brussels at $1.10
400 yd. Ingrain at 58¢

2. Sell Donald & Son, for cash:

100 yd. Moquette at $1.50 50 yd. Ingrain at 80¢

Receive their check for the amount of the bill.

4. Give A. G. Curry a check for $35.50, for office books and supplies.

5. Draw a sight draft on Reader & Co., in your own favor, for $250, and leave it at the bank for collection.

6. Receive of Ray S. Baker his note at 10 da., with interest, for $200.

8. Sell Frank S. Brady on account:

100 yd. Brussels at $1.35 100 yd. Ingrain at 80¢

9. Buy of David S. Wells on account:

500 yd. Matting at 47¢

10. Pay Howard S. Crane by check, for the invoice of May 2, less 2%

11. Sell Wm. H. Garland on account, 1% 10 da.:

150 yd. Matting at 60¢ 100 yd. Ingrain at 78¢

12. Your bank reports the collection of the draft left on May 5. Collection, $\frac{1}{10}$%.

12. Buy an office safe of the Howard Safe Co. for $90. Give them your sight draft on Ray S. Baker for the amount of the bill.

13. Receive of Reader & Co. their note at 30 da. for $100.

15. Give David S. Wells your sight draft on Ray S. Baker for the invoice of May 9.

15. Receive of Frank S. Brady a sight draft on Meeker & Co. for $100, and his check for $115, for the invoice of May 8.

May 16. Receive of Ray S. Baker a New York exchange for his note and the interest, due to-day.

17. Sell Ford & Co. on account, 1% 10 da.:

100 yd. Moquette at $1.50 100 yd. Matting at 60¢

18. Give each partner a check, for personal use, $50.

19. Receive of Wm. H. Garland his check for the invoice of May 11, less 1%.

20. Receive of A. K. Johnson cash, for his note and the interest, due to-day. Face of the note, $240; interest, $10.75.

23. Draw a sight draft on O. H. Barker, in your own favor, for $225, and leave it at the bank for collection.

24. Buy of Howard S. Crane on account, 2% 10 da.:

100 yd. Moquette at $1.25 100 yd. Brussels at $1.10

25. Give John F. Carrier your check for your note and the interest, due to-day. Face of the note, $485.50; interest, $16.45.

25. Sell Frank S. Brady on account:

50 yd. Moquette at $1.50 50 yd. Brussels at $1.35
100 yd. Matting at 60¢

26. Sell Wm. H. Garland on account, 1% 10 da.:

50 yd. Moquette at $1.55 100 yd. Brussels at $1.35

26. Receive of Ford & Co. their sight draft on Henry F. Grady for the invoice of May 17, less 1%.

27. Sell Ford & Co. on account, 1% 10 da.:

100 yd. Matting at 60¢

29. Your bank reports the collection of the draft left on May 23. Collection, $\frac{1}{10}$%.

30. Buy of Henry W. Elson on account:

100 yd. Matting at 47¢

31. Give Harry S. Carmen a check for his monthly salary, $30.

INVENTORIES, MAY 31, 19—

Merchandise:

100 yd. Moquette at $1.25 150 yd. Ingrain at 58¢
100 yd. Brussels at $1.10 150 yd. Matting at 48¢

Expense:

Office Books and Stationery, $30
Office Safe at cost, less %10.

APPENDIX A

SINGLE ENTRY

Object. This set is designed to illustrate in a simple and practical way the uses of that method of bookkeeping known as **single entry.** As the student is already familiar with **double entry,** a comparison of the two methods will help him to understand single-entry bookkeeping.

Single Entry and Double Entry may be compared as follows:

The books used are very nearly the same for either method. The **sales book,** the **purchase book,** the **journal,** the **cashbook,** the **bill book,** and the **ledger** are the same in form. The general principles employed are identical.

The **statement** of resources and liabilities is the same.

The present worth and the net gain or the net loss of a business are shown by either method.

Single Entry and Double Entry may be contrasted as follows:

In double entry, the journal has both a debit and a credit record for each transaction; in single entry, the journal has only a debit or a credit record for each transaction. (See model journal, page ii.)

In double entry *all* items in the cashbook are posted; in single entry only items that affect personal accounts are posted. In this set these items are recorded in the *first* column of the cashbook. (See model cashbook, pages ii and iii.)

In a single-entry ledger only personal accounts are kept.

An itemized statement of losses and gains cannot be made from a single-entry ledger, as loss and gain accounts are not kept in the ledger.

In double entry the separate sources of loss and gain are clearly set forth, while single entry shows only total results and furnishes no detailed information regarding the channels through which these results were obtained.

A double-entry ledger is in balance; a trial balance cannot be taken from a single-entry ledger, because property and other accounts not personal are not in this ledger.

Single Entry may be used to advantage in any small business, or where the business deals in few articles of purchase and sale, or where a classification of accounts relating to losses and gains is not wanted.

If books are strictly single entry, only accounts with persons are kept in the ledger; if any other accounts appear in the ledger, the method is not strictly single entry.

As the student is familiar with the various books of record, few explanations are given in this set.

Cash Receipts

Jan.	1	√	D. H. Boone	Investment			2500	
	3	√	Mdse.	Cash sale			64	
	4	2	A. D. Brown	On account	132	64		
	10	√	Bills Rec.	S. Coe's note			275	
	10	√	Interest	On above			6	40
	20	4	C. C. Willis	On account	38	50		
	20	√	Discount	On our note			2	35
	31	√	Personal accts.	Total	171	14	171	14
							3018	89

Model Journal

January 1, 19—

	I, D. H. Boone, commenced business with the following resources:				
1	D. H. Boone	*Cr.*			4800
√	Cash	On hand	2500		
√	Real Estate	Store and lot	2000		
√	Bills Rec.	Per bill book	300		
	5				
2	A. S. Barnes	*Cr.*			250
	Received his note at 30 da., to apply on account				
	7				
3	Benjamin Harmon	*Dr.*			300
	Gave my note at 60 da., with interest, in full of account				

Model

Bills

NO.	DATE	DRAWER OR INDORSER	DRAWEE OR MAKER	IN WHOSE FAVOR	FOR WHAT RECEIVED
1	Dec 10		Geo. Wilson	David Easton	on acct.
2	Jan 15		Jno. Harrison	David Easton	on acct.

Bills

NO.	DATE	DRAWER OR INDORSER	DRAWEE OR MAKER	IN WHOSE FAVOR	FOR WHAT GIVEN
1	Jan 12		David Easton	Jas. Selden	on acct
2	17		David Easton	Wm. Edison	on acct.

Cash Payments

Jan. 2	√	Expense	Rent of store			100	
5	√	Bills Pay.	Note, favor N. Cass			360	
6	7	Amos Lees	On account	287	50		
9	√	Expense	Office stationery			12	50
20	√	Bills Pay.	Note, favor J. Reed			260	
24	5	D. J. Bailey	In full of account	175			
31	√	Personal accts.	Total	462	50	462	50
31		*Balance*	*On hand*			*1823*	*89*
						3018	89

Cashbook. In the explanatory part of the text, at the beginning of this set, it was noted that the cashbook is very nearly the same in single entry as in double entry. The above form is easily understood. All items that are to be posted are placed in the first money column.

Journal. The form on page ii is a single-entry journal. As the student is now familiar with the principles of debit and credit, this form will be readily understood. Just at the left of the first money column it is necessary to write either *Dr.* or *Cr.* as a means of determining how the item is to be posted. As only personal items are posted in single entry, only the names of persons appear in the journal.

Bill Book. This book is used for recording all notes received or issued by the business. It is generally divided into two parts, one for *bills receivable* and the other for *bills payable.* A full description of all notes received or issued should be recorded in the bill book. All canceled notes should be marked *paid* in this book.

The notes recorded in the model bill book are from the single-entry set.

Bill Book

Receivable

WHERE PAYABLE	TIME	WHEN DUE YEAR	WHEN DUE MONTH	WHEN DUE DAY	AMOUNT		WHEN AND HOW DISPOSED OF		
	60 da.	19–	Feb.	8	500 Int. 3	—	Jan. 9		Discounted
	10 da.	19–	Jan.	25	300	—		25	Paid

Payable

WHERE PAYABLE	TIME	WHEN DUE YEAR	WHEN DUE MONTH	WHEN DUE DAY	AMOUNT		WHEN AND HOW DISPOSED OF		
	10 da.	19–	Jan.	22	Int. 470	—	Jan.	22	Paid
	15 da.	19–	Feb.	1	500	—			

Memoranda of Transactions

Directions and Suggestions. Observe the following directions and suggestions:

1. David Easton is the proprietor. *Student* acts as bookkeeper and manager.
2. No business forms are used.
3. No days of grace are allowed on any notes.
4. The business is general merchandise.

Jan. 1. The following were the resources at the beginning of the business:

Cash on hand, $2000
Store and lot, valued at $4000
Geo. Wilson's note, dated Dec. 10, at 60 da., $500

Enter the preceding items in the journal. Refer to the model journal, page ii.
Enter the cash in the cashbook, second column. Record the note in the bill book Refer to the model bill book, pages ii and iii.

2. Bought of W. R. Story for cash:

40 bbl. Pork at $14

Enter *Mdse.* in the cashbook, second column.

2. Paid A. R. Deneen cash, for sundry repairs, $50.

3. Bought of James Selden on account:

50 bbl. Beef at $17 60 bbl. Salt at $1.50

Enter in the purchase book.

4. Sold Edward White for cash:

20 bbl. Pork at $16

Enter *Mdse.* in the cashbook, second column.

5. Sold John Harrison on account:

20 bbl. Beef at $18.50 10 bbl. Salt at $1.60

Enter in the sales book.

5. Paid J. D. Russell cash, for office stationery, $12.25.

6. Paid James Selden cash for one half the invoice of Jan. 3.

Enter in the cashbook, first column.

7. Sold Jesse Blaine on account:

10 bbl. Pork at $16.50 10 bbl. Beef at $19
10 bbl. Salt at $1.62

8. Bought of William Edison on account:

25 bbl. Pork at $13.50 30 bbl. Beef at $16.50

Jan. 9. Discounted Geo. Wilson's note, and received cash for the proceeds.

The term of discount is the time from the date of discount to the maturity of the note. Enter the face of the note on one side of the cashbook and the discount, under *Interest*, on the other side, each item in the second column.

10. Sold E. C. Bartlett on account:

6 bbl. Pork at $15 10 bbl. Beef at $18.25

11. Sold Howard Stetson on account:

12 bbl. Beef at $18.75 15 bbl. Salt at $1.65

12. Gave James Selden a note at 10 da., with interest, for the balance of the invoice of Jan. 3.

Enter the note in the journal and record it in the bill book.

12. Paid Page & Co. cash, for an office safe, $85.

13. Sold Henry White, one half cash, balance on account:

12 bbl. Pork at $16.25 20 bbl. Salt at $1.70

Enter the *whole* amount in the sales book, and then enter the cash received in the cashbook, first column.

14. Bought of Samuel Jones, one half cash, balance on account:

50 bbl. Beef at $16.50 100 bbl. Salt at $1.48

Enter the *whole* amount in the purchase book, and then enter the cash paid in the cashbook, first column.

15. Bought of H. C. Benton on account:

60 bbl. Pork at $14.75

15. Received John Harrison's note at 10 da., with interest, for $300, to apply on the invoice of Jan. 5.

Record in the bill book.

16. Received of Jesse Blaine cash, to apply on the invoice of Jan. 7, $250.

17. Sold P. H. Williams on account:

25 bbl. Pork at $16.75

17. Gave William Edison a note at 15 da., with interest, for $500, and cash for the balance of the invoice of Jan. 8.

Enter the note in the journal and record it in the bill book. Enter the cash in the cashbook, first column.

18. Sold W. B. Emerson on account:

25 bbl. Beef at $18.75 20 bbl. Salt at $1.70

18. Bought of Williamson & Son on account:

40 bbl. Flour at $5.25

Jan. 19. Received of Jesse Blaine cash, for balance of the invoice of Jan. 7.

19. Received of E. C. Bartlett his note at 15 da. for $200, and cash for the balance of the invoice of Jan. 10.

20. Sold D. V. Negley on account:

15 bbl. Flour at $6.50

20. Received of Howard Stetson cash, for the invoice of Jan. 11.

21. Sold Thomas Fleming on account:

12 bbl. Pork at $16.90 15 bbl. Beef at $19

21. Sold Warren Phelps, one half cash, balance on account:

20 bbl. Pork at $16.80 18 bbl. Beef at $18.80
30 bbl. Salt at $1.65

22. Paid James Selden cash, for note and interest due to-day.

Enter both the note and the interest in the cashbook, second column, and mark the note paid in the bill book.

23. Sold Jesse Blaine on account:

12 bbl. Beef at $18.75 15 bbl. Flour at $6.50

23. Gave the proprietor a check for private use, $150.

Enter in the cashbook, first column.

24. Bought of William Edison on account:

35 bbl. Pork at $14.25

24. Gave H. C. Benton cash, on account, $625.

24. Received of P. H. Williams cash, on account, $325.

25. Bought of James Selden on account:

40 bbl. Beef at $16.75

25. Received of D. V. Negley cash, for the invoice sold him on Jan. 20.

25. Paid Williamson & Son cash, for the invoice of Jan. 18.

25. Received of John Harrison cash, for his note and interest due to-day.

26. Received of Warren Phelps his note at 10 da., with interest for the balance of the invoice of Jan. 21.

26. Sold John Harrison on account:

12 bbl. Pork at $16

26. Sold E. C. Bartlett on account:

20 bbl. Beef at $18

27. Bought of Williamson & Son on account:

25 bbl. Flour at $5.40

Jan. 27. Sold Howard Stetson on account:

10 bbl. Flour at $6.50 10 bbl. Salt at $1.68

27. Received of W. B. Emerson cash, on the invoice of Jan. 18, $400.

28. Received of Thomas Fleming cash, on account, $250.

28. Sold D. V. Negley on account:

10 bbl. Pork at $16.20

29. Sold Warren Phelps on account:

12 bbl. Beef at $18.25

30. Paid Bell Printing Co. cash, for advertising, $19.65.

31. Paid Albert Force, a clerk, cash, for one month's salary, $32.50.

INVENTORIES, JANUARY 31, 19—

Merchandise:	
33 bbl. Pork	$14.
16 bbl. Beef	16.75
45 bbl. Salt	1.50
25 bbl. Flour	5.20
Expense:	
Office Safe at cost	$85.
Real Estate:	
Store and Lot	$4000.

CLOSING THE WORK FOR SINGLE ENTRY

After recording all transactions, have them corrected by the instructor Close the cashbook. (See model, pages ii and iii.)

Posting. In posting, observe the following:

1. Place three accounts on each page of the ledger.
2. The Proprietor's account should be placed first.
3. Open an account with each person whose name appears in the sales book or the purchase book.
4. Debit each person whose name appears in the sales book.
5. Credit each person whose name appears in the purchase book.
6. Post from the journal. The debit or the credit of each item in the journal is indicated.
7. Post from the cashbook. Each item in the first column on the left side of the cashbook should be posted as a credit; each item in the first column of the cashbook on the right side should be posted as a debit.
8. The above completes the posting.

NOTE. Posting directly from the sales book, the cashbook, and the purchase book is a modification of the older methods of single entry, but the plan here suggested saves much time both in recording and in posting transactions.

The Statement. Make a statement as follows:

1. The total of the balances of all the accounts in the ledger in which the debit is the larger represents *accounts receivable.*

2. The total of the balances of all the accounts, the *Proprietor's* account excepted, in which the credit is the larger represents *accounts payable.*

3. The *unpaid* notes in the bill book are to be used in making the statement.

Before making the statement of resources and liabilities, it is suggested that the student examine the records in the bill book to find out if each note issued or received has been recorded, and if all notes either paid or discounted have been so marked in the bill book.

It is easier to avoid errors than to correct them.

Resources:

Accounts Receivable, per ledger
Real Estate, per inventory
Expense, per inventory
Merchandise, per inventory
Bills Receivable, per bill book
Cash, per cashbook

Liabilities:

Accounts Payable, per ledger
Bills Payable, per bill book

The present worth equals the difference between the resources and the liabilities.

The present worth minus the net credit equals the net gain.

Enter the net gain in the journal as follows:

David Easton *Cr.* .....
Net gain, per statement

Post the net gain to the *Proprietor's* account and show the present worth as in double entry.

Changing to Double Entry. Change to double entry as follows:

1. *Debit* each of the following accounts in the ledger with the amount appearing in the statement:

Real Estate	Expense
Merchandise	Bills Receivable

2. *Credit* Bills Payable with the amount appearing in the statement.

3. Take a trial balance from your ledger; use the cash balance from the cashbook.

Note. Some bookkeepers prefer to journalize the items which enter into the change of single entry to double entry. Various entries may be made to bring about the desired effect, but a record similar to the following is generally preferred, since by it *all* the resources and *all* the liabilities of the business are shown in a form convenient for transferring to the ledger.

January 31, 19—

√	Accounts Receivable	Per ledger	2310	
5	Real Estate	Per inventory	4000	
3	Expense	Per inventory	50	
2	Mdse.	Per inventory	920	
3	Bills Receivable	Per bill book	428	
C.B.	Cash	Per cashbook	1650	
3	Bills Payable	Per bill book		365
√	Accounts Payable	Per ledger		2560
√	C. D. Lewis, Prop.	Per ledger		6433

The items that are already in the ledger are marked √ so that they will not be posted. After the above entry has been posted, the accounts of the business are in double-entry form.

A **Double-Entry** set of books may be changed to a single-entry set by leaving out of the ledger all accounts except personal accounts.

The Use of Other Sets for Single Entry. If the instructor thinks it desirable to have additional work in single entry, it is suggested that any set in the Introductory portion of the textbook may be written in single-entry form. Journal paper and ledger paper may be used for this additional work.

REVIEW EXERCISES

The following review exercises are suggested:

1. July 1 Frank Wilson and Chas. K. Peck began a Provision business with the following resources and liabilities:

Resources	
Cash	$1350
Merchandise	4250
Office Fixtures	240
Horse and Wagon	200
Accounts Receivable	850
Liabilities	
Bills Payable	$800
Accounts Payable	940

The partners had an equal interest in the business.

The books had been kept by single entry.

October 1 the partners decided to change the books to double entry. The resources and the liabilities on that date were as follows:

Resources	
Cash	$925
Merchandise	4150
Office Fixtures	240
Horse and Wagon	200

Resources (continued)

Accounts Receivable:	
A. H. Kern	$150
Thos. L. Fuller	135
E. R. Lakey	165
H. M. Hanna	175
Henry S. Arnold	250
Henry I. Brook	110

Liabilities

Bills Payable	$325
Accounts Payable:	
H. J. Gould	100
Jas. L. Burgess	140
A. H. Francis	200
Geo. F. Hatfield	85

a. On a ledger sheet credit each partner with one half of the net resources on July 1.

b. Make a statement showing the net gain on October 1.

c. Credit each partner in the ledger with one half of the net gain, and show the present worth of each partner.

d. Change the books to double entry by debiting in the ledger each resource item, and crediting each liability item, on October 1.

e. Take a trial balance of the ledger.

NOTE. If the instructor so desires, the change to double entry may be accomplished by making the journal entry as illustrated on page ix.

2. The following is a trial balance from a double-entry ledger. From this trial balance open a single-entry ledger, four accounts to the page.

James L. Gary, prop.			$3500
Harvey A. Phelps, prop.			3500
Cash		$1645	
Merchandise		3256	
Real Estate		1625	
Expense		87	
Office Fixtures		310	
Horse and Wagon		250	
Bills Receivable		195	
A. T. F. Ry. Stock		1000	
Accounts Receivable:		505	
S. M. Aker	$150		
D. A. White	85		
Roy & Co.	45		
Edward Wise	130		
John Gross	95		
Bills Payable			933
Accounts Payable:			940
James Hyde	230		
H. C. Alden	50		
A. R. Waite	115		
E. S. Dent	175		
A. S. Flint	120		
David R. Race	250		
		$8873	$8873

APPENDIX B

DEFINITIONS AND EXPLANATIONS

Bookkeeping is the art of making a systematic record of business transactions, enabling the proprietor to ascertain the condition of his business.

A **Business Transaction** is an exchange of values.

There are two methods of bookkeeping, **Double Entry** and **Single Entry.**

In **Double Entry,** accounts are kept not only with persons but with all sources that affect the results or the condition of the business.

In **Single Entry,** accounts are kept, usually, with persons only.

There are two *classes* of accounts:

Resource and liability accounts;

Loss and gain accounts.

An **Inventory** is an itemized statement or schedule, in writing, showing the amount of certain assets *owned* by the business, or certain liabilities *owed* by the business.

Allowances are made for the use of money, for the early payment of invoices, etc. Interest and discount are allowances.

Capital, at the beginning of business, usually is the amount invested; at other times it is the excess of resources over liabilities.

Merchandise includes all commodities which are held for purposes of exchange.

Expense is any expenditure to carry on the business.

Interest is the compensation allowed by law or fixed by the parties for the use or forbearance or detention of money. — *Huffcut.*

Discount is usually an allowance for early payment.

Bills Receivable are the written promises of others to pay us.

Bills Payable are our written promises to pay others.

Posting is a process of transferring debit and credit items to their respective accounts in the ledger.

Present Worth of the Proprietor's account:

Is net credit plus net gain; or

Net credit minus net loss; or

The excess of resources over liabilities.

A **Receipt** is a written acknowledgment of money or other value received.

A **Voucher** is a written statement proving that some transaction has occurred.

When resources exceed liabilities a business is **Solvent.**

When liabilities exceed resources a business is **Insolvent.**

A **Statement** of the business shows the results and the present condition of the business; a **Statement** of a ledger account is an abstract of the account, and shows the balance remaining unpaid.

The **Journal** is a book in which the debits and the credits of business transactions are arranged systematically; the history of each transaction and the amount are included.

The **Ledger** is a book containing the accounts of the business, the debits and the credits having been collected from other books of entry.

A **Book of Original Entry** is a book in which entries are made first.

An **Auxiliary Book** is subordinate to a book of original entry.

A **Bill Book** contains an itemized record of all notes received or issued by the business.

The term **Charge**, as used in bookkeeping, means *debit*.

Red Ink is used for

All rulings;

Recording inventories in ledger accounts;

Entering items in the ledger that are to be transferred

In closing accounts, a single red line means that the items above it are to be added; double red lines mean that the account is closed, the items and the totals above this ruling are not to be used again.

An **Invoice** is an itemized statement of goods bought or sold. It includes the names, the quantities, the prices, and the amounts.

RULES FOR JOURNALIZING

General Rule:

Debit the account that stands for a value received, or for a person or a thing that causes value to go out.

Credit the account that stands for a value given, or for a person or a thing that brings in value.

Rule I. **Proprietor's Account.** The proprietor is debited:

For withdrawals from the business for personal use;

For his liabilities assumed by the business;

For net loss when the books are closed.

The proprietor is credited:

For all investments in the business;

For net gain when the books are closed.

Rule II. **Property Accounts.** Under its given name property is

Debited when it comes into possession of the business;

Credited when the business parts with it.

Property includes cash, merchandise, real estate, notes, etc.

That the journalizing of bills receivable and bills payable may be more clearly understood, separate rules are given herewith.

RULE III. **Bills Receivable.** Under this title they are
Debited when received by the business;
Credited when the business parts with them.

RULE IV. **Bills Payable.** Under this title they are
Debited when redeemed by the business;
Credited when issued by the business.

RULE V. **Accounts with Persons.** Persons are debited:
When they get into our debt;
When we get out of their debt.
Persons are credited:
When we get into their debt;
When they get out of our debt.

Personal accounts are open accounts with individuals, firms, or corporations. Generally they are the result of buying or selling on account.

RULE VI. **Expense Account.** This account is
Debited for any expenditure to carry on the business;
Credited for the proceeds of the sale of any item previously charged to expense.

Expense includes rent, salaries, insurance, and other like items. In a large business a separate account is kept with each of these items.

RULE VII. **Allowances.** Under the given names these items are
Debited when we allow them to others;
Credited when allowed by them to us.

APPENDIX C

LOOSE-LEAF METHODS AND FILING DEVICES

Modern business men have adopted many inventions for saving time, reducing labor, and lessening expense. Many of these have been applied to bookkeeping and to general office work.

At the very outset it ought to be noted that these devices have nothing whatever to do with the principles that govern bookkeeping ; debit and credit are unchanging factors, no matter what form of record may be made.

Different kinds of business and different methods in the same business make various plans desirable and even necessary. This fact is responsible for the production of a multitude of devices for carrying on office work and keeping accounts.

So many systems are in use that only a brief reference can be made to them here. The character of the business and the manner of conducting it determine what devices may be used advantageously. The value of any of them depends on the volume of business transacted and the records required for giving necessary information concretely and in accessible form.

Loose-Leaf Methods. Books equipped with locking devices so arranged that leaves may be inserted or removed at will are used generally and have many advantages. The suggestions here given apply particularly to a loose-leaf ledger, but they have a bearing on any one of the many books where loose leaves are used.

As insertions or removals in any book may be made to conform to requirements, smaller pages may be used than in a bound book.

Pages containing accounts that are closed may be removed and filed in transfer covers or binders for subsequent reference, if such reference becomes necessary. This keeps the ledger volume for current use free from *dead* accounts. It also obviates the necessity of opening new books, as only *live* accounts remain permanently in the ledger.

By the use of projecting leather tabs, index leaves may be inserted, so the book is practically self-indexing, as the removal of a leaf or the insertion of a new one does not affect the index division.

The ability to remove leaves from a book of account at will is open to the objection that it may suggest to an unreliable person the possibility of tampering with important records, as one leaf can be easily withdrawn and another substituted. For this reason some have maintained that this form of record should not be used in certain books, such as the general ledger.

Card Systems. All are familiar with the *card index* found in a public library. This is illustrative of many card-index systems now in use in modern business offices. The following may be named as a special advantage:

The readiness with which unused accounting or statistical material may be eliminated, and, correspondingly, new material may be inserted.

The CARD LEDGER is a series of cards ruled in regular ledger form, filed in a box or a cabinet, and properly indexed with projecting guide cards. It is a substitute for a regular ledger. The following are its advantages:

All closed accounts are readily eliminated and new accounts are as readily inserted.

Monthly statements of customers' accounts may be made by several persons working on the ledger at the same time; in a bound ledger only one person can thus work.

Any account required for reference may be taken from the file, and the regular work of the bookkeeper on the ledger will not be interrupted.

The use of projecting tabs affords an easy method of indexing.

Duplicate Billing. By using carbon paper a duplicate or several duplicates of any writing may be made, either with the pen, or with a typewriter, or with a billing machine. For instance, instead of entering all sales in a sales book, a duplicate may be made, which insures a copy identical with the bill sent to the customer; the postings may be done from the carbon records, which, when bound, constitute the sales book. The saving of time and the avoidance of errors are real advantages.

Carbon duplication may be used in a multitude of ways, and may be applied to many forms of record.

Billing machines, and typewriters with billing attachments, afford ideal facilities for both original and duplicate work.

Filing Devices. The vast accumulation of letters, documents, pamphlets, and the like, in a large business office, makes some system absolutely necessary, if material is to be readily available for use when needed. This is provided for by modern filing systems, usually vertical for accessibility, which meet the two essential requirements of a modern business office, namely, classification of material and ready reference. So successfully are these requirements met by manufacturers that the production of filing systems has become a large industry. The following are special features: systems of indexing in any form that may be required, alphabetical, numerical, by subject, or otherwise; provisions for classification and for elimination.

The most common form of filing devices is a cabinet of drawers so arranged that the papers or documents may be filed in either a flat or a vertical position, and may be combined in various forms appropriate to the business to be served.

NOTE. If deemed desirable, the instructor may secure a catalogue containing many illustrations of filing devices, and give some attention to the matter in his class.

APPENDIX D

COMMERCIAL TERMS DEFINED

Acceptance. The name of an accepted draft; an agreement, by signature, to the terms named in the draft.

Account Current. An open or a running account; a detailed statement of transactions between two persons or two firms.

Account Sales. An itemized statement of sales and expenses, rendered by a commission merchant to his principal.

Acknowledgment. A formal admission, made before a notary or other qualified officer, that the act described was done voluntarily; the officer's certificate of such admission.

Affidavit. A written statement made under oath.

Agent. One who acts for, or in place of, another, by authority from him; a deputy.

Assignee. One appointed by another to do some act or to enjoy some right; generally, one to whom property is transferred for the benefit of the creditors.

Attachment. A seizure or taking into custody by virtue of a legal process.

Auditor. A person appointed to examine accounts.

Bankrupt. Any person whose property becomes liable to administration under the bankruptcy laws.

Bill of Lading. A receipt of a transportation company, containing an account of the goods shipped and the conditions of shipment.

Bill of Sale. A writing given by the seller of personal property to the buyer.

Board of Trade. In the United States, a voluntary organization of business men for the advancement of commercial interests.

Bona Fide. In good faith.

Bond. A written promise under seal, binding a person to do a certain thing or not to do it.

Bonus. Something given in addition to what is strictly due the recipient.

Broker. An agent between buyer and seller; a dealer on the stock exchange.

Capital. The investment in a business.

Cashier. One who has charge of money; in banks, the financial officer.

Certified Check. A check that has been accepted by the bank on which it is drawn, thereby making the bank security for its payment.

Clearing House. An institution in a city where daily settlements are made between banks by the mutual exchange of checks, drafts, etc., the difference between such exchanges being paid in cash.

Collateral. A security additional to the personal obligation.

Common Carrier. One who undertakes the office of carrying either goods or persons for hire.

Copartnership. The voluntary association or joining of two or more persons in a business enterprise. The same as partnership.

Copyright. A right of control granted by a government to an author or a publisher.

Coupon. A certificate of interest due, printed at the bottom of transferable bonds, designed to be cut off and presented for payment when the interest is due.

Credit Memorandum. A notice sent to a purchaser stating that an allowance has been made for goods returned, or for other causes.

Deed. A contract under seal, usually transferring the title of real estate.

Depreciation. A falling of value.

Dishonor. A refusal to pay an obligation when due, or to accept a draft when presented for acceptance.

Dividend. The allotment to each stockholder in the division of profits.

Drayage. Charges for conveying goods from one place to another.

Exchange. The method by which debts are discharged without the actual transference of money; the rate at which such exchange can be made.

Extension. An allowance of further time for the payment of a debt.

Fixtures. That part of the furnishings of a store or an office which is not movable.

Footing. The adding of a column of figures, or the result of such addition.

Forgery. The writing of another's name, as a signature, with fraudulent intent, or the altering of a written document.

Franchise. A certain right or privilege, granted by a government to individuals or corporations.

Freight. Compensation paid for the transport of goods or other property; that with which anything is laden for transportation.

Good Will. The value, in a business, of established reputation or patronage.

Guaranty. An agreement by which one person promises to make another secure in the possession or enjoyment of something; a security against loss.

Honor. To accept a draft, or to pay it when due.

Income. The total amount of the earnings and the receipts of money from all sources.

Index. An alphabetical table of contents.

Indorse. To write one's name on the back of a note, a check, or a draft; to record a partial payment on the back of a note.

Installment. A sum of money paid in stated portions.

Insurance. Indemnity against loss; the premium paid for insuring.

Jobber. A merchant who buys goods from importers and manufacturers, and sells to either wholesale or retail merchants.

Liquidation. Act or process of settling debts.

Lease. A contract, usually in writing, for the temporary possession of real estate or other property.

Letter of Credit. A letter usually issued by a bank, addressed to banks in foreign cities, directing payment of a stated amount to the holder. Such letters are usually carried by travelers.

Manifest. An invoice of a ship's cargo.

Mercantile Agency. An institution which obtains and furnishes information regarding mercantile enterprises, their financial standing, their business reputation, etc.

Money. Current coin; any circulating medium.

Mortgage. A conditional transfer of the title to real estate or chattels as security for the payment of a debt.

Negotiate. To treat with another with a view to reaching an agreement; to transfer for a valuable consideration.

Net. Clear of all charges or deductions.

Notary. A public officer who takes acknowledgments of legal documents and protests paper for nonpayment.

Open Account. A running or an unsettled account.

Open Policy. An insurance policy covering undefined risks and admitting of subsequent indorsements or additions.

Outstanding Accounts. Book accounts remaining unpaid.

Overdrawn. A term applied to a bank account when a check has been issued for an amount greater than one's credit balance.

Patent. An exclusive right to an invention, issued by a government.

Pawnbroker. One who makes a business of lending money on personal property pledged and in his keeping.

Power of Attorney. A legal authority to act for another.

Premium. The consideration paid for a contract of insurance; a sum or bonus in addition to the capital.

Protest. A formal notice, issued by a notary to the indorser or the indorsers of a note or draft, of the nonpayment of a note or a draft, or the nonacceptance of a draft.

Quotations. The published or current prices of stocks, bonds, or any commodity.

Rebate. An allowance for overcharge, for early payment, or for other reasons.

Receiver. A person appointed by the court to hold in trust property which is the subject of litigation, pending the suit; or one who is appointed to wind up the affairs of a partnership or a corporation on its dissolution.

Retail. To sell in small quantities.

Short-extend. To enter individual amounts at the left of the money column, to be extended in total in the money column.

Sinking Fund. A fund set apart for the redemption of bonds or for other specific uses.

Sundries. Many different or small things.

Syndicate. A combination of capitalists who unite their resources to advance some specific business enterprise.

Tariff. A lawful rate of duty on imports.

Terms. Conditions of sale or of agreement.

Tickler. A book containing memoranda of all time paper, and arranged so as to serve for a reminder to pay or to collect.

Trustee. One intrusted with property for another.

Underwriter. One who insures.

Valid. Binding in law.

Void. Not binding in law.

Way Bill. A document containing a description and shipping directions of goods sent by railroad.

Wholesale. Selling large quantities, usually in unbroken packages.

APPENDIX E

ABBREVIATIONS AND GENERAL TERMS

A	America; American
A 1	First class
Acct. or **acct.**	Account
Acct. Cur.	Account Current
Acct. Sales	Account of Sales
Adv. or **adv.**	Advertisement
Agt.	Agent
A.M.	Before noon; Master of Arts
Amt.	Amount
App.	Appendix
Asst.	Assistant
Atty.	Attorney
Av. or **Ave.**	Avenue
Bal.	Balance
B.B.	Bill Book
bbl.	Barrel
bdl.	Bundle
Bk.	Bank
B/L	Bill of Lading
Bld'g	Building
bu.	Bushel
bx.	Box
¢	Cent
Cash.	Cashier
Ck.	Check
Co.	Company; County
C.O.D.	Collect on Delivery
Coll.	Collection; Collector
Cr.	Credit; Creditor
cwt.	Hundredweight
da.	Day
Dep't	Department
Dis.	Discount
do.	The same
doz.	Dozen
Dr.	Debtor; Doctor
E. & O.E.	Errors and omissions excepted
ea.	Each
e.g.	For example
Esq.	Esquire
etc. or **&c.**	And so forth
Ex.	Example
Exch.	Exchange
fig.	Figure, Figures
F.O.B. or **f.o.b.**	Free on board
Fol.	Folio, or page
ft.	Foot
gal.	Gallon
gr.	Grain
gro.	Gross
hhd.	Hogshead
hund.	Hundred
i.e.	That is
in.	Inch
Ins.	Insurance
inst.	Instant; the present month
Int.	Interest
Inv.	Invoice
Jr.	Junior
kg.	Keg
lb.	Pound
L.B.	Letter Book
L.F.	Ledger Folio
Ltd.	Limited
M.	Thousand
Mdse.	Merchandise
Mem.	Memorandum
Messrs.	Gentlemen; Sirs
Mfg.	Manufacturing
min.	Minute
Mme.	Madam
mo.	Month
Mr.	Mister
Mrs.	Mistress
MS.	Manuscript

MSS.	Manuscripts
N.A.	North America
N.B.	Take notice
No. or no.	Number
O.K.	All correct
Oz. or oz.	Ounce
p.	Page
Payt. or payt.	Payment
pc.	Piece
Pd.	Paid
per	By
Per cent or per cent	By the hundredths
pk.	Peck
pkg.	Package
P.M.	Postmaster; Afternoon
P.O.	Post Office
pp.	Pages
pr.	Pair
Pres.	President
prox.	Proximo; of the next month
pt.	Pint
P.S.	Postscript
qr.	Quire; Quarter
qt	Quart
Rec'd	Received
Ret'd	Returned
Rev.	Reverend
R.R.	Railroad
Ry.	Railway
Sec.	Secretary
Shipt.	Shipment
sq. ft.	Square feet
Sr.	Senior
St.	Street; Saint
Str.	Steamer
Sunds.	Sundries
Supt.	Superintendent
Tr.	Transpose
Treas.	Treasurer
ult.	Ultimo; of the last month
U.S.M.	United States Mail
via	By way of
viz.	Namely; to wit
vol.	Volume
vs.	Against
W/B	Way Bill
wk.	Week
wt.	Weight
Yd. or yd.	Yard
Yr. or yr.	Year

Arbitrary Signs

a/c	Account
@	At *or* to
c/o	Care of
¢	Cent
√	Check mark
$	Dollar
#	Number, if written before a figure; pounds, if written after a figure
%	Per cent
1¼	One and one fourth
1½	One and two fourths
1¾	One and three fourths
′	Feet
″	Inches

APPENDIX F

FORMS AND LEGAL DOCUMENTS

Form I. Letter of Remittance

W. O. WEAVER C. W. FREY W. D. RADCLIFFE

Office of

W. O. Weaver & Co.

WHOLESALE GROCERS

Boston, Mass., Sept. 10, 19—

Smith, Perkins & Co.,
Rochester, N. Y.

Gentlemen:

Please find herewith a New York draft for Eleven Hundred Sixty-three and 28/100 Dollars ($1163.28) in payment of invoice of Aug. 31, less discount, as follows:

Amount of invoice	$1224.51	
Less 5%	61.23	
Balance as per inclosure		$1163.28

Yours very truly
W. O. Weaver & Co.
per R.

Form II. Notice of Dissolution of Partnership

Notice is hereby given that the partnership lately subsisting between Albert Z. Smith and Chester O. Jones, under the style of Smith & Jones, at Springfield, Massachusetts, is this day dissolved by mutual consent; that the business in the future will be conducted by the said Chester O. Jones, who will pay and discharge all debts and liabilities, and receive all moneys payable to the said late firm.

Dated Springfield, Mass., Aug. 31, 19—

[Signed] { Albert Z. Smith
Chester O. Jones

Form III. Circular announcing the Retirement of a Partner

W. D. MARTIN A. S. WARD

Office of

Martin & Ward

Boston, Mass., Aug. 25, 19—

Saxton, Gilbert & Co.
Rochester, N.Y.

Gentlemen:

On the 31st inst. the partnership hitherto existing between W. D. Martin and A. S. Ward will be dissolved by mutual consent. After that date the business will be conducted by Mr. Ward on his own account and in his own name.

In soliciting a continuance of your valued patronage we assure you that no reduction will be made in the capital of the business, and that all its affairs will be conducted with as great efficiency as that which you have experienced under the present management.

Yours very truly

Martin & Ward

Form IV. Contract of Sale and Purchase

Know all Men by these Presents

that we, C. W. Worthington & Co., of Boston, Massachusetts, in consideration of Fifteen Thousand Two Hundred Dollars paid by D. O. Williams & Co., of said Boston, the receipt whereof is hereby acknowledged, do hereby sell, transfer, and deliver unto the said D. O. Williams & Co., the good will, chattels, merchandise, bills receivable, accounts receivable, together with all other assets of the said firm of C. W. Worthington & Co., including all those specified in the schedule hereto annexed and marked A. And as a part of the purchase-price thereof, the said D. O. Williams & Co. hereby assume and agree to pay, and to hold the firm of C. W. Worthington & Co. harmless therefrom, the liabilities of said firm specified in the schedule hereunto annexed and marked B.

To have and to hold, *all and singular the said goods and chattels to the said D. O. Williams & Co., and their executors, administrators, and assigns forever. And we hereby* **covenant** *with the said vendee that we are the lawful owners of the said goods and chattels, that they are free from all incumbrances, that we have good right to sell the same as aforesaid, and that we will* **warrant and defend** *the same against the lawful claims and demands of all persons.*

In witness whereof, *we have hereunto set our hands and seals this twenty-first day of August in the year one thousand nine hundred and twelve.*

[*Signed*] *C. W. Worthington & Co.* [SEAL]

Form V. Articles of Copartnership

Articles of Copartnership *made and entered into this first day of August, one thousand nine hundred and twelve, between Malcolm D. Gilbert, of the City of Boston, County of Suffolk, and Commonwealth of Massachusetts, and Chas. M. Wentworth, of said Boston:* **witnesseth:**

First. *This copartnership is formed for the purpose of carrying on in said City of Boston a Jobbing Furniture business under the firm name of M. D. Gilbert & Co., and shall continue for two years from the date hereof unless sooner dissolved by mutual consent.*

Second. *As his contribution to the capital of the firm said Malcolm D. Gilbert hereby transfers to the said firm his business now located at No. 467 East Street, and said firm assumes and agrees to pay the outstanding liabilities of the said business. Said business is taken over at the net value of $14,225, and is more particularly described in the Schedule of Assets and Liabilities hereto annexed.*

Third. *Said Chas. M. Wentworth contributes as his share of the capital as follows: cash, $7000; stock of furniture, $1500; account with Foley Bros., $5725; total, $14,225.*

Fourth. *Each partner shall, semi-annually, be credited on the books of the firm with interest at the rate of 6 per cent per annum on his share of the capital for the time being standing to his credit, before any division of profits is made, such interest charge to be treated as an expense of the business.*

Fifth. *Each partner shall be credited with the sum of $100 per month as salary, and he may withdraw the same monthly, for services rendered, or, at his option, any balance remaining undrawn may be carried to such partner's capital account. Such salaries shall be charged as an expense of the business and not reckoned as profits.*

Sixth. *Profits and losses shall belong to, and be borne by, the said partners in equal shares.*

Seventh. *Neither partner shall, for the benefit of any third person, indorse any notes or negotiable paper, or become surety or guarantor or otherwise liable for the benefit of third parties, without the assent in writing of the other partner first obtained.*

Eighth. *An account of the stock and of the debts and liabilities of the firm shall be taken at least annually, and the profits or losses computed and credited or charged to each partner's capital account. After such accounting, either party shall be at liberty to withdraw his share of any net profits of the firm, and any profits not so withdrawn shall be added to and deemed a part of the capital account of such copartner.*

Ninth. *Neither partner shall engage in any other business, but each shall devote his entire time and attention to and put forth his best efforts and energy for the furtherance of the business aforesaid.*

Tenth. *Complete and accurate books of account shall be kept, used in common, and each partner shall, at all times, have access thereto.*

To the faithful performance of all the terms and conditions of these Articles of Copartnership, the undersigned partners hereby bind themselves each to the other, his heirs, executors, administrators, and assigns.

In Witness Whereof, *the parties have hereto affixed their hands and seals, in duplicate, the day and year first above written.*

[*Signed*] Malcolm D. Gilbert [SEAL]
Chas. M. Wentworth [SEAL]

Form VI. Power of Attorney

Know all Men by these Presents

that we, B. W. Morgan and Robert Hall, constituting the firm of B. W. Morgan & Co., of the City of Boston, Mass., have made, constituted, and appointed, and by these Presents do make, constitute, and appoint, Charles M. Raymond, of the City of Newton, Mass., our true and lawful Attorney, for us and in our name, place, and stead to transact business and to sign and indorse any or all of the notes, checks, drafts, letters, and all other instruments in writing received in the course of or issuing from our business, giving and hereby granting unto our said Attorney full power and authority to sign and indorse such instruments, and to perform all and every act whatsoever about the premises as freely, fully, and effectually as we could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that our said Attorney or his substitute shall lawfully do or cause to be done by virtue hereof.

In Witness Whereof, *we have hereunto set our hands and seals this fifteenth day of July in the year nineteen hundred and twelve.*

Charles M. Raymond
Attorney's Signature

B. W. Morgan [SEAL]
Robert Hall [SEAL]

Commonwealth of Massachusetts
County of Suffolk } ss. *Boston, Mass., July 15, 1912*

Then personally appeared the above-named B. W. Morgan and Robert Hall and acknowledged the foregoing instrument to be their free act and deed.

Before me,

E. C. Mills
Notary Public

Form VII. Certificate of Protest

Commonwealth of Massachusetts

County of Suffolk
City of Boston } ss.

On the tenth day of December, in the year of our Lord one thousand nine hundred and twelve, **I,** *W. A. Witler,* **Notary Public,** *duly admitted and sworn, and practicing in said Commonwealth, at the request of Leigh H. Burson,* **Esq., Cashier** *of the Commercial National Bank, went with the original note, which is hereunto annexed, the time therein limited having fully elapsed, and demanded payment thereof at the Excelsior National Bank, and was answered by the Paying Teller, "No funds."*

The note remaining unpaid, I duly and officially notified the indorsers thereof at the following addresses:

Roslyn & Brown, 92 West St., City,
B. W. Hosten & Co., Newton, Mass.,

(postage prepaid) of said default requiring payment. **Wherefore,** *I, the said* **Notary,** *by request as aforesaid, have protested and by these presents do solemnly protest, against the drawer of said note, the indorser, and all others concerned therein, for exchange, re-exchange, and all costs, charges, damages, and interest, suffered and sustained, or to be suffered and sustained, by reason or in consequence of the non-payment thereof.*

SEAL

In Testimony Whereof, *I have hereunto set my hand and affixed my Notarial Seal, the day and year first above written.*

FEES

Noting Non-Acceptance . . .	
Postage	
Protesting for Non-Payment	$1.50
Postage	.04
	$1.54

W. A. Witler
Notary Public

Form VIII. Notice of Protest

Commercial National Bank

Boston, Mass., Dec. 10, 19—

Roslyn & Brown
92 West St., City

Dear Sirs:

You are hereby notified that a note for Nine Hundred Sixty $\frac{50}{100}$ Dollars drawn by Lecker, Burr & Co., and indorsed by you, dated Sept. 10, 19__, payable three months after date, has been protested by me for non-payment after due demand at the Excelsior National Bank this day, and that you are held answerable for the amount, with all legal costs, interests, and damages in consequence of the non-payment thereof.

Respectfully yours

W. A Witler
Notary Public

APPENDIX G

STATEMENT FORMS AND LEDGER CLOSINGS

Statement Forms

If the instructor chooses, these statement forms may be used in place of the forms given in the text for sets I to VI.

Statements, January 31, 19—

Profit and Loss

Loss and Gain Statement

Merchandise:		
Sales		$845.
Purchases	$1743.20	
Goods on hand, Inv.	1031.	
Cost of goods sold		712.20
Gross profit (gain on sales)		$132.80
Deduct:		
Expense (includes salaries and wages)	$65.30	
Inventory (office supplies on hand)	23.10	42.20
		$90.60
Add:		
Interest, excess of credits		4.15
Net profit (gain)		$94.75

Accounts Receivable are the personal accounts that show the amounts due the business.

Illustration: A owes the business on account $25; B, $35; C, $20. The amount due the business on personal accounts, *accounts receivable*, is $80.

Accounts Payable are the personal accounts that show the amounts owed by the business.

Balance

Resource and Liability Statement

Assets (Resources)	
Real Estate, Inv.	$2200.
Expense, Inv.	23.10
Cash, on hand	237.80
Mdse., Inv.	1031.
Bills (Notes) Rec.	315.60
Accounts Rec.	755.50
	$4563.

Closing the Ledger by Journal Entries

There are two general methods of closing the ledger. The one used in the text is illustrated and explained on pages 30, 31, and 32. In this method all inventories and profit and loss amounts are entered directly in the required ledger accounts, in red ink, and all transfers of these amounts are entered in black ink.

When a red-ink entry is made and transferred, a debit and a credit for an equal amount have been recorded. This result might have been secured by making a journal entry and posting it. Hence, the results obtained by the direct method, as indicated in the first paragraph, may be obtained by a series of journal entries. In this method of closing the ledger, inventories and all profit and loss amounts are entered in their respective accounts by posting from the journal rather than by red-ink entries. When this method of closing the ledger is used, all changes in the *Profit and Loss* accounts are effected by posting from the journal.

The following illustrations set forth the journal method of closing the ledger.

Below are two open accounts as they might appear in a ledger.

Merchandise

Jan.	31		1	1200		Jan.	31		1	800	

Expense

Jan.	20		1	45							
	31		1	30							

The merchandise inventory is $600; the expense inventory, $20.

Sheet

Resource and Liability Statement

Liabilities and Present Worth		
Bills (Notes) Pay.		$275.40
Accounts Pay.		378.60
		$654.
Proprietor:		
Capital (Investment)	$3814.25	
Net Profit (Gain)	94.75	
Present Worth		3909.
		$4563.

Instead of entering the inventories in red ink in the ledger accounts, make the following journal entry:

Sundry Inventories	$620	
Merchandise		$600
Expense		20

Open a ledger account with *Sundry Inventories*, an illustration of which is given below.

After this journal entry has been posted the ledger accounts will appear as follows:

MERCHANDISE

Jan.	31		1	1200		Jan.	31		1	800	
							31		3	600	

EXPENSE

Jan.	20		1	45		Jan.	31		3	20	
	31		1	30							

SUNDRY INVENTORIES

Jan.	31		3	620							

In the *Merchandise* account: What is the value of the goods bought? of the goods sold? of the inventory?

In the *Expense* account: How much was paid out under expense? what is the value of the expense items on hand?

After finding the gain on *Merchandise* make the following journal entry:

Mdse.	$200	
Profit and Loss		$200

After finding the loss on *Expense* make the following journal entry:

Profit and Loss	$55	
Expense		$55

After posting these last entries the ledger accounts will appear as follows:

MERCHANDISE

Jan.	31		1	1200		Jan.	31		1	800	
	31		4	200			31		3	600	

EXPENSE

Jan.	30		1	45		Jan.	31		3	20	
	31		1	30			31		4	55	

As these accounts now balance they may be ruled, but no transfers below the rulings are to be made.

PROFIT AND LOSS

Jan.	31		4	55		Jan.	31		4	200	

In the above account what is the net gain?

For closing the *Profit and Loss* account make the following journal entry:

Profit and Loss	$145	
Student, Prop.		$145

After posting this entry the *Profit and Loss* account will appear as follows:

PROFIT AND LOSS

Jan.	31		4	55		Jan.	31		4	200	
	31		1	145							

Rule the account.

After posting the second amount in the last entry the *Proprietor's* account will appear as follows:

Student, PROPRIETOR

Jan.	21		1	50		Jan.	1		1	2000	
							31		4	145	

Enter the *Proprietor's* Present Worth in red ink, on the debit side of his account; rule the account, then transfer the Present Worth below the rulings.

At this point the closing of the ledger is complete except that the inventories in the *Merchandise* and *Expense* accounts have not been entered below the rulings. To effect this result make the following journal entry:

Mdse.	$600	
Expense	20	
Sundry Inventories		$620

Post this entry, then rule the *Sundry Inventories* account.

If an account has no inventory, the following illustration shows how to close it:

INTEREST

Jan.	16		6	13	20	Jan.	24		6	8	10		

For closing the *Interest* account make the following journal entry:

Profit and Loss	$5.10	
Interest		$5.10

For class drills: Under the direction of the instructor close the ledgers, by journal entries, in exercises 31, 35, and 36.

SET I. After making the journal entry for closing the ledger in this set record it on page 3, Blank No. 1.

SET II. After making the journal entry for closing the ledger in this set record it on page 6, Blank No. 1.

SET III, March. Record this entry on page 7, Blank No. 1.

SET III, April. Record this entry on page 8, Blank No. 1.

SET IV, May. Record this entry on page 9, Blank No. 1.

SET IV, June. Record this entry on page 10, Blank No. 1.

SET V

Use the same general form as given on pages xxviii and xxix of Appendix G.

Before making the balance sheet, or the journal entries for closing the ledger, work out the following exercises.

On page 180 of the text are two trial balances. Use each one as follows:

1. Make the Profit and Loss statement.
2. Make the Balance Sheet.
3. On a sheet of ledger paper copy from the trial balance the *Proprietor's* account and each *Profit and Loss* account; close the ledger by journal entries.

In the trial balance *b* there is a liability inventory. When closing the ledger make a journal entry similar to the following:

Mdse.	$85	
Sundry Inventories		$85

When closing the ledger for July record the journal entries on page 5, Blank No. 1, after approval by the instructor.

When closing the ledger for August record the journal entries on page 6, Blank No. 1, after approval by the instructor.

Set VI

The following forms will guide the student in making the statements for Set VI.

Profit and Loss, or Loss and Gain Statement

Merchandise:				
Sales				$24170.90
Purchases: Bought of A. J. Weaver & Co.			$14500.	
Bought to date			21500.90	
Freight and Drayage, paid			120.	
Freight and Drayage, unpaid			390.	
Total			$36510.90	
On hand, Oct. 6, Inv.			17200.10	
Cost of goods sold				$19310.80
Gross profit (gain on sales)				$4860.10
Deduct:				
Expense, including salaries and wages		$790		
Unpaid items, Inv.		340		
Total outlay		$1130		
Less items on hand, Inv.		120	$1010.	
Mdse. Disc., excess of debits			270	
Interest, excess of debits			10.50	
Insurance, paid premium		$340		
Less unexpired premium		290	50.	
Coll. and Exch. paid			17.50	
Rent, paid to date		$420		
Unexpired	$250			
Due from subrentals	50	300	120.	
Horse and Wagon, cost		$555		
Inv.		540	15.	
Office fixtures, cost		$1960		
Inv.		1800	160.	$1653.
Net profit (gain)				$3207.10

For class drills: On page 230 of the text is a trial balance. Use it as follows:

1. Make the Profit and Loss statement.
2. Make the Balance Sheet.
3. On a sheet of ledger paper copy from the trial balance the *Proprietors'* accounts and each *Profit and Loss* account; close the ledger by journal entries.

When closing the ledger for Set VI record the journal entries on page 11, Blank No. 1.

After the posting is completed, close each partner's Private Account by *balance.*

Balance

Resource and Liability Statement

Assets (Resources)	
Good Will, estimated value	$2000.
Cash, in bank	4357.
Mdse., Resource Inv.	17200.10
Horse and Wagon, Inv.	540.
Office Fixtures, Inv.	1800.
Expense, Resource Inv.	120.
Bills (Notes) Rec.	200.
Accounts Rec.	7200.
Rent, Inv.	300.
Insurance, unexpired Prem.	290.
	$34007.10
Verification	
Present Worth	$23507.10
	$23507.10

Sheet

Resource and Liability Statement

Liabilities		
Mdse., Liability Inv.		$390
Expense, Liability Inv.		340
Bills (Notes) Pay.		750
Accounts Pay.		9020
		$10500
Present Worth of Partnership		23507.10
		$34007.10
Verification		
Capital Acct.		$20000.
Private Accts.		
H. C. Lester, Cr.	$138.70	
B. F. Custer, Cr.	261.30	
	$400.	
E. S. Rose, Dr.	100.	300.
Net Profit (Gain)		3207.10
		$23507.10

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